Roadshow to Paris

24 April 2018
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The Navigator Company – an integrated producer

- 1.6 M ton of UWF paper
- 70,000 ton Reels + 65,000 ton Converting
- 1.5 M ton of BEKP pulp (0.3 M market pulp)
- 112,000 ha of forest under management
- 2.5 TWh of electricity
- 1.5 M ton of BEKP pulp
- Leader in Eucalyptus globulus cloning
- 70,000 ton Reels + 65,000 ton Converting
- 112,000 ha of forest under management
- 2.5 TWh of electricity
- 1.5 M ton of BEKP pulp
- Leader in Eucalyptus globulus cloning
Starting with the forest, a natural and renewable resource

Navigator has the largest certified forest nurseries in Europe with capacity to produce 12 million plants/year.

RENOVATION

Around **3,000 ha are planted annually** by Navigator

BIODIVERSITY

Forest management reconciles production with **species conservation**

PROTECTION

€ 3 million invested/year in the prevention and support in combating forest fires

CERTIFICATION

**Certified forest** under:
- Forest Stewardship Council (**FSC**)  
- Programme for the Endorsement of Forest Certification (**PEFC**)
Aiming to become a carbon free company

Under the Paris Protocol and the National Roadmap for Carbon Neutrality, The Navigator Company undertakes, until 2035, to implement changes in its production processes in order to minimize the use of fossil fuels.

**GOAL 1**
100% of electrical energy production from renewable sources

**GOAL 2**
Reduce fossil fuel CO₂ emissions with replacement of technologies

**GOAL 3**
Reduce 15% of specific energy consumption until 2025, with 2015 as reference year

**GOAL 4**
Carbon offsetting for unavoidable carbon emissions
Based on large scale production mills, with state-of-the-art technology

The Navigator Company operates 4 industrial units on an international scale, using sophisticated technology.

CACIA
Pulp (Market) – 350,000 tAD

FIGUEIRA DA FOZ
Pulp (Integrated) – 580,000 tAD
Paper – 790,000 ton

VILA VELHA DE RÓDÃO
Tissue – 70,000 ton + 65,000 ton converting

SETÚBAL
Pulp (Integrated) – 550,000 tAD
Paper – 775,000 ton
PM4 – largest UWF machine in the World

Paper machine PM4 - Equal in size to 4 Airbus A330s

- **Manufacturer**: Metso (Finland)
- **Machine length**: 200 m
- **Sheet width at forming**: 11.1 m
- **Width at reeler**: 10.4 m
- **Maximum speed**: 1,800 m/min
- **Started up**: August 2009

The most recent Paper Machine produces sheets more than 515 m long and 10.4 m wide, at a speed of 30 m per second, and a thickness of 1/10 mm. **It produces roughly 80 tons of paper/hour.**
And commercial subsidiaries, sales offices, R&D units and nurseries all over the World


R&D Units and Nurseries: RAIZ, Caniceira Nurseries, Espirra Nurseries and Ferreiras Nurseries

Business Areas: Research & Development, Agro-Forestry, Pulp Production and Sales, Paper Production and Sales, Tissue Production and Sales and Energy
With global sales to 130 different countries

Market pulp and paper sales accounted for over 83% of the Group’s revenues, which are distributed to a diversified customer base.

The Group exports around 95% of pulp and paper sales

*Other sales include Pellets, directed at Europe; all energy sales are in Portugal
**Revenues by geography of pulp and paper sales
Navigator is the leading manufacturer of UWF paper in Europe

No. 1 in European UWF fine paper by capacity, with the largest and most modern mills.

European uncoated fine paper*  
Main players

Mondi 16%  
The Navigator Company 19%  
UPM 10%  
Stora Enso 12%  
IP 12%  
Other 31%

Uncoated woodfree (UWF) European mills

*Excluding value-added products (ex.: carbonless papers, thermal papers, colorful papers, engineering papers, specialty papers, etc)

Source: RISI; The Navigator Company
And a very efficient cost structure in paper

One of Europe’s most efficient paper producers, with cash cost per ton on the left side of the industry cost curve. Approximately 25% of the industry capacity is non-integrated.

Estimated cash production costs, delivered to Germany (€/ton)
(Q3 2017 with pulp prices adjusted to Jan. 2018)

Source: RISI; Fisher International; The Navigator Company information Q4 2017
With a product differentiation strategy based on quality and own brands

Product and brand differentiation strategy have skewed the Group’s product mix to the high end market, allowing up to 7% price premium advantage.

### The Navigator Company market share in Western Europe – 2017

<table>
<thead>
<tr>
<th></th>
<th>The Navigator Company</th>
<th>Europe industry average*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Premium products</td>
<td>49%</td>
<td>14%</td>
</tr>
<tr>
<td>Mill Brands</td>
<td>62%</td>
<td>20%</td>
</tr>
<tr>
<td>Sheets</td>
<td>75%</td>
<td>69%</td>
</tr>
<tr>
<td>Operating rates</td>
<td>100%</td>
<td>92%</td>
</tr>
</tbody>
</table>

*Estimated industry average including Navigator

Source: The Navigator Company information FY 2017; Euro-Graph
Comparing very favourably with its peers


Average for 2015-2017*: 17%

*Average includes Navigator; average without Navigator is 15%
And recording consistent strong key financials

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (M€)</th>
<th>EBITDA (M€)</th>
<th>EBITDA/Sales (%)</th>
<th>ROCE (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>1.502</td>
<td>385</td>
<td>26%</td>
<td>15%</td>
</tr>
<tr>
<td>2013</td>
<td>1.531</td>
<td>351</td>
<td>23%</td>
<td>13%</td>
</tr>
<tr>
<td>2014</td>
<td>1.542</td>
<td>328</td>
<td>21%</td>
<td>12%</td>
</tr>
<tr>
<td>2015</td>
<td>1.628</td>
<td>390</td>
<td>24%</td>
<td>12%</td>
</tr>
<tr>
<td>2016</td>
<td>1.577</td>
<td>397</td>
<td>25%</td>
<td>16%</td>
</tr>
<tr>
<td>2017</td>
<td>1.637</td>
<td>404</td>
<td>25%</td>
<td>14%</td>
</tr>
</tbody>
</table>
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According to PPPC, in the first 2 months of the year, worldwide demand for UWF remained stable, while the overall graphical papers contracted -0.8% YoY (exc. Newsprint).

**UWF global stable demand in 2018**

<table>
<thead>
<tr>
<th>Feb. 2018</th>
<th>M ton</th>
<th>YoY kton</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>14.0</td>
<td>+0.0%</td>
</tr>
<tr>
<td>Uncoated Woodfree</td>
<td>6.8</td>
<td>-2.5%</td>
</tr>
<tr>
<td>Coated Woodfree</td>
<td>3.6</td>
<td>-1.7%</td>
</tr>
<tr>
<td>Uncoated Mechanical</td>
<td>1.8</td>
<td>+0.1%</td>
</tr>
<tr>
<td>Coated Mechanical</td>
<td>1.9</td>
<td></td>
</tr>
</tbody>
</table>

49% Share UWF On world P&W paper demand (exc. Newsprint)
Evolution of UWF European apparent consumption

CAGR for UWF consumption from 2012-2017: -1.0%

CAGR for UWF capacity from 2012-2017: -2.0%

Source: Euro-Graph; EMGE; RISI
Upward trend in paper prices in 2017 and 2018

Paper Benchmark has been gradually improving: 4 price increases during 2017 and 2 price increases already in 2018.

**European Market Paper Price – A4 B-copy**

- **Av. 2016:** 822 €/ton (Var. W1-52: -3.5%)
- **Av. 2017:** 819 €/ton (Var. W1-52: +4.1%)
- **Av. YTw 15:** 847 €/ton (+4.1%)
- **Last PIX (W15):** 864 €/ton

Source: FOEX
Very positive pulp market in 2017

Source: Fibria; OKI; Brian McClay; Hawkins Wright
Upward trend in pulp prices seems to continue in 2018

Pulp producers have announced new price increases for April 2018.
Pulp market should remain balanced throughout the year with supply issues and positive impacts from substitution effects in China.

**2018 Estimates**

<table>
<thead>
<tr>
<th>BHKP M tAD</th>
<th>SUPPLY</th>
<th>DEMAND</th>
</tr>
</thead>
<tbody>
<tr>
<td>Max Capacity Increase</td>
<td>Fibria, Suzano, APP, April</td>
<td>Max Net Impact</td>
</tr>
<tr>
<td>3,4</td>
<td>-1,4</td>
<td>2,0</td>
</tr>
</tbody>
</table>

Demand Growth historical

China effect?*  
New China (Environment, New capacity)  
Waste Paper (Environment)  
DP swing/extender  

*China effect estimated 700 k tAD

Source: Fibria; OKI; Brian McClay; Hawkins Wright
Tissue market continues to grow

But extra capacity in Iberia expected in the short term: around **350,000 tons extra** from new paper machines like Sofidel, ICT, Renova and Goma Camps.

Source: RISI 2016
Global positive outlook for 2018

Tissue

+ high competition and pressure on margins due to rise in pulp price expected to continue

Paper

+ positive outlook for UWF prices in 2018:
  • PIX – A4-BCopy (EUR/ton) has increased 4.1% since the beginning of the year
  • Navigator has led 2 price increases

Exchange rate and some increase in production costs (namely chemicals) remain the main cause for concern
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Navigator corporate development –
organic growth and diversification

Group plans to invest around € 500 million in 2018-2022

Expansion capex includes:

+ tissue expansion plan (total € 120 million; € 90 million in 2018)
+ pulp expansion capacity (total € 85 million; € 45 million in 2018)
+ forest plantation in Mozambique (max. of € 10 million/year)

Annual maintenance capex kept under 3% of sales

Net Debt/EBITDA is estimated to remain <= 2.0
Tissue – strong strategic rationale to double-down the business

**Diversification of The Navigator Company’s portfolio**
(potential to grow up to 15-20% of the Navigator’s sales in 2020-2025)

**Synergies with our core business**
(raw material Eucalyptus globulus)

**Ability to develop a competitive advantage with pulp integration**
(cost and quality advantage)

**State-of-the-art technology solution**
(The Navigator Company’s DNA)
Tissue – major steps

- **Acquisition of AMS** (30 kton/year reels and 42 kton of converting)

- **Decision to invest in Cacia mill** (70 kton/year of reels and converting): € 120 million capex

- **Doubling of reels production capacity** (reaching max. 60 kton/year) and increase converting capacity to 63 kton, improving contribution margin

- **Start-up of Cacia mill in Q3 2018**

- **The Navigator Company total capacity to reach 130 kton/year** (reels and converting)
Navigator – #2 player in tissue in Iberia after expansion project

Estimated tissue production capacity in Iberian Peninsula (kton)
Cacia tissue update

- 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 other projects

Increase pulp production capacity
Figueira da Foz

- **Capex:** €85 million (50% commissioned)
- From **580,000 to 650,000 tAD**
- New capacity planned to come online in **April 2018**

Mozambique project
Mozambique

- Growth opportunity driven by increased demand in Asia and worldwide supply limitations
- Scale down rhythm of investment and operations in 2017
- Company remains engaged and is negotiating necessary conditions to proceed with the project

Divestment of the Pellets business
USA

- Attractive opportunity to divest and signed an agreement to sell its pellets business
- Closing of the transaction occurred on **Feb. 16th 2018** with final transaction value of **USD 135 million**
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### Historical dividend payment

- Annualized total shareholder return in the last 5 years of 12.7%
- Dividend Yield of 11.3% vs 2.6% industry median

<table>
<thead>
<tr>
<th>Year (payment)</th>
<th>Dividend per share</th>
<th>Share price (year end)</th>
<th>Adjusted dividend yield</th>
<th>Total amount paid (million euros)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>0.1600</td>
<td>0.1200</td>
<td>2.280</td>
<td>12.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>0.2800</td>
<td></td>
<td>2.910</td>
<td>12.3%</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>0.4330</td>
<td>0.0418</td>
<td>3.085</td>
<td>14%</td>
</tr>
<tr>
<td></td>
<td>0.1395</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>0.1590</td>
<td>0.0781</td>
<td>3.596</td>
<td>11.6%</td>
</tr>
<tr>
<td></td>
<td>0.2371</td>
<td>0.1116</td>
<td>3.265</td>
<td>10.7%</td>
</tr>
</tbody>
</table>

![Graph showing dividend payment (M €) and dividend/share (€) from 2013 to 2017]
Financial figures and ratios for 2012-2017

<table>
<thead>
<tr>
<th>Million euros</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 sales</td>
<td>1,501.6</td>
<td>1,530.6</td>
<td>1,542.3</td>
<td>1,628.0</td>
<td>1,577.4</td>
<td>1,636.8</td>
</tr>
<tr>
<td>EBITDA</td>
<td>385.4</td>
<td>350.5</td>
<td>328.4</td>
<td>390.0</td>
<td>397.4</td>
<td>403.8</td>
</tr>
<tr>
<td>Operating earnings (EBIT)</td>
<td>286.2</td>
<td>233.7</td>
<td>218.3</td>
<td>282.9</td>
<td>230.4</td>
<td>255.0</td>
</tr>
<tr>
<td>Financial earnings</td>
<td>-16.3</td>
<td>-14.1</td>
<td>-34.2</td>
<td>-50.3</td>
<td>-20.8</td>
<td>-7.7</td>
</tr>
<tr>
<td>Net Profit</td>
<td>211.2</td>
<td>210.0</td>
<td>181.5</td>
<td>196.4</td>
<td>217.5</td>
<td>207.8</td>
</tr>
<tr>
<td>Cash Flow</td>
<td>310.4</td>
<td>326.8</td>
<td>291.6</td>
<td>303.6</td>
<td>384.6</td>
<td>356.6</td>
</tr>
<tr>
<td>Investment</td>
<td>30.1</td>
<td>16.9</td>
<td>50.3</td>
<td>148.5</td>
<td>138.6</td>
<td>114.7</td>
</tr>
<tr>
<td>Net debt</td>
<td>363.6</td>
<td>307.1</td>
<td>273.6</td>
<td>654.5</td>
<td>640.7</td>
<td>692.7</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Million euros</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA/Sales (%)</td>
<td>25.7%</td>
<td>22.9%</td>
<td>21.3%</td>
<td>24.0%</td>
<td>25.2%</td>
<td>24.7%</td>
</tr>
<tr>
<td>ROS (%)</td>
<td>14.1%</td>
<td>13.7%</td>
<td>11.8%</td>
<td>12.1%</td>
<td>13.8%</td>
<td>12.7%</td>
</tr>
<tr>
<td>ROE (%)</td>
<td>14.3%</td>
<td>14.2%</td>
<td>12.4%</td>
<td>14.7%</td>
<td>17.8%</td>
<td>17.2%</td>
</tr>
<tr>
<td>ROCE (%)</td>
<td>15.1%</td>
<td>12.9%</td>
<td>12.4%</td>
<td>15.7%</td>
<td>12.3%</td>
<td>13.6%</td>
</tr>
<tr>
<td>Equity to assets ratio (%)</td>
<td>54.4%</td>
<td>52.5%</td>
<td>53.7%</td>
<td>50.0%</td>
<td>51.2%</td>
<td>48.6%</td>
</tr>
<tr>
<td>Net debt/EBITDA</td>
<td>0.9</td>
<td>0.9</td>
<td>0.8</td>
<td>1.7</td>
<td>1.6</td>
<td>1.7</td>
</tr>
</tbody>
</table>
Debt profile continues to improve

The successful restructuring of the Group’s debt in 2015 and 2016 resulted in a longer maturity and a lower cost of debt, as well as an increased diversification of counterparties.

Current Average Cost of Debt 1.60%

Debt maturity profile (MC)
Total debt: € 851 million
Average maturity: 3.6 years
Navigator continuing focus on cost reduction – M2 program

• 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 2016-2020: € 100 million, of which € 43 million already achieved
In a complex operation such as logistics (with 3,800 destinations in 130 countries), we believe there is still room to optimize costs.

Example – impact of outbound logistics

- Logistic platforms: 21 (3 PLs)
- International ports: 146
- TEU*: 88K (largest Iberian shipper)
- Trucks per year: +100K (440 per week day)
- Vessel calls: 1200 (5 calls per week day)
- Trains: 630 (2-3 per week day)

*TEU - Twenty Foot Equivalent Unit: unit of the capacity of a container ship and a container terminal
With sustainability in its 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”
Sustainability at Navigator

FORESTS

5.4 million t CO₂eq

12 million plants produced at Portuguese Nurseries

112,000 ha Forests under management in Portugal (100% FSC® and PEFC™ certified)

€3.4 million Investment in protection against forest fires

RAIZ
Forest and Paper Research Institute

- Improve forestry management
- Increase eucalyptus yields

R&D
Sustainability at Navigator

**INDUSTRIAL OPERATIONS**

- **21.4 m³ / t products**
- **90%** Renewable raw materials
- **84%** Waste recovery rate
- **70%** Primary energy used from renewable sources (biomass)
- **0.219 t CO₂ / t products**

**Fibre optimisation**

- Bioproducts and biofuels research

* (*pulp and paper)
The largest photovoltaic solar power plant in an industrial setting in Portugal

**Installed capacity:** 2.2 MW  
**Production:** 3.1 GWh/year  
**Self-consumption regime:** Electricity is consumed in PM4  
**Electricity cost avoidance (2017):** 264,000 €  
**Engineering, procurement and construction:** EFACEC

- **8,800** polycrystalline solar panels  
- **1,140** tons of CO₂ avoided (per year)
RAIZ & Inpactus project – creating innovative products & technologies

A co-promotion R&D project between industry and academia

A step forward to a green, global, sustainable and competitive bioeconomy in Portugal, based on eucalyptus pulp and paper industry!

50 Research grants
180 Researchers/technitians
2 Invited chairs

Total budget: 15.3 M€
Public funding: 8.6 M€
NVG: 5.2 M€  Univ: 3.4 M€

Some examples of bioproducts from biorefinery

- Essential oils
- Sugars for bioethanol and bioplastics
- Thermoplastic biocomposites
- Lignin-based foams for thermo insulation
- Bacterial cellulose for biomedical applications
- Nanocellulose for paper coating and food additives

Biorefinery

1 tonne wood

Plantation trees
Forestry residues

Biological & energy
recovery (combustion)

Biomass deconstruction
& separation processes

Pulp Fibres

> 0.5 tonnes fibre product

Paper
Tissue
Market pulp
Heat and electricity

Pulping By-products

Biochemicals
Bioproducts
Biomaterials

Biomass components