



ALTRI, SGPS, S.A.
Public Company

Head Office: Rua Manuel Pinto de Azevedo, 818 – Oporto
Fiscal Number 507 172 086
Share Capital: 25,641,459 Euro

**Financial Information – 1st Quarter of 2019
(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 1Q 2019

The financial information was prepared in accordance with the International Financial Reporting Standards (IFRS). Since January 1, 2019, IFRS 16 was adopted, and in accordance with this standard, 2018 information was not restated.

1Q2019 Profit and Loss Statement

Thousand Euro	1Q 2019	1Q 2018	1Q19/1Q18 Var%	4Q2018	1Q19/4Q18 Var%
Total revenues	207,354	173,385	19.6%	201,213	3.1%
Cost of sales	77,467	58,694	32.0%	61,083	26.8%
External supplies and services	44,085	40,986	7.6%	51,491	-14.4%
Payroll expenses	9,269	8,315	11.5%	13,640	-32.0%
Other expenses	1,835	2,111	-13.1%	3,134	-41.4%
Provisions and impairment losses	159	-	-	470	-66.1%
Change in the fair value of biological assets	-	-	-	-3,269	-
Total expenses (a)	132,816	110,106	20.6%	126,548	5.0%
EBITDA (b)	74,538	63,278	17.8%	74,665	-0.2%
margin	35.9%	36.5%	-0.6 pp	37.1%	-1.2 pp
Amortisation and depreciation	18,926	13,863	36.5%	18,525	2.2%
EBIT (c)	55,612	49,415	12.5%	56,141	-0.9%
margin	26.8%	28.5%	-1.7 pp	27.9%	-1.1 pp
Gains / (losses) related to investments	1	723	-	28,322	-
Financial expenses	-6,189	-4,867	27.2%	-3,050	102.9%
Financial income	1,393	2,234	-37.6%	1,313	6.1%
Financial profit / (loss)	-4,794	-1,910	151.1%	26,584	-118.0%
Profit before income tax	50,817	47,506	7.0%	82,725	-38.6%
Income tax	-14,093	-14,860	-5.2%	-8,639	63.1%
Net profit attributable to parent company's shareholders	36,724	32,645	12.5%	74,086	-50.4%

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

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

(c) EBIT = earnings before interests and taxes

The first quarter of 2019 was characterised by a continuous downward trend in the sales price of BHKP pulp. In industrial terms, during the quarter under analysis, a programmed maintenance stoppage occurred at Celbi. These stoppages occur every 18 months.

In terms of consolidation perimeter, the first quarter of 2019 includes Bioelétrica's full consolidation, the Group's Company whose operation consists of the production of electric power through forest biomass. It should be noted that the 2018 results only included 1-month of activity of this unit.

Financial Information 1Q 2019

1st Quarter of 2019: total revenues amounted to 207 million Euro

During the first quarter of 2019, EBITDA of Altri Group reached 75 million Euro, which corresponds to a 18% increase over the same quarter of the previous year. EBITDA margin achieved 35.9%.

In terms of top line, total revenues amounted to 207 million Euro, a 20% increase over the same quarter of 2018.

During the period under analysis, 262.3 thousand tons of pulp were produced, of which 28 thousand tons of dissolving pulp. Notwithstanding the programmed maintenance stoppage of Celbi's industrial unit (occurred in February 2019, throughout more than 15 days), the volume of produced pulp increased 2% when compared to the first quarter of 2018.

In terms of sales, during the first three months of 2019, 279.5 thousand tons of pulp were sold (+13% when compared to the same period of 2018), of which 27.0 thousand tons of dissolving pulp (+10% comparatively to the same period of the previous year).

Exports increase 18% amounting to 156 million Euro

Regarding exports, during the first quarter of 2019, Altri recorded around 242.2 thousand tons of pulp exported (+12% over the first three months of 2018). In monetary terms, quarter exports amounted to 156 million Euro, corresponding to a 18% increase.

Operational expenses recorded an increase of 21% over the same period of 2018, which can be explained by Celbi's programmed maintenance stoppage and for a significant increase in production levels recorded at Celtejo. However, when compared to the fourth quarter of 2018, excluding the accounting impact of the change in the fair value of the biological assets, total operational expenses recorded a slight increase of 2.3%.



Financial Information 1Q 2019

Besides the stoppage costs, it should be noted that the level of energy costs recorded at Celtejo, due to the use of auxiliary fuels, as natural gas, resulting from the ramp up process after the investment plan conclusion at this industrial unit. Considering the annual programmed maintenance stoppage at this unit, in progress during May, it is expectable a positive energy balance in this mill.

EBITDA recorded during the first quarter of 2019 amounted to 74.5 million Euro, a 18% increase over the EBITDA recorded in the same period of 2018.

Amortisation and depreciation amounted to 18.9 million Euro, representing a 37% increase over the first quarter of 2018. This increase reflects the biomass company consolidation; the conclusion of the investment projects occurred at Celbi and Celtejo; and the impact of the IFRS 16 adoption.

The financial loss amounted to 4.8 million Euro.

Altri's consolidated net profit amounted to 36.7 million Euro, which corresponds to a 12.5% increase over the same period of 2018.

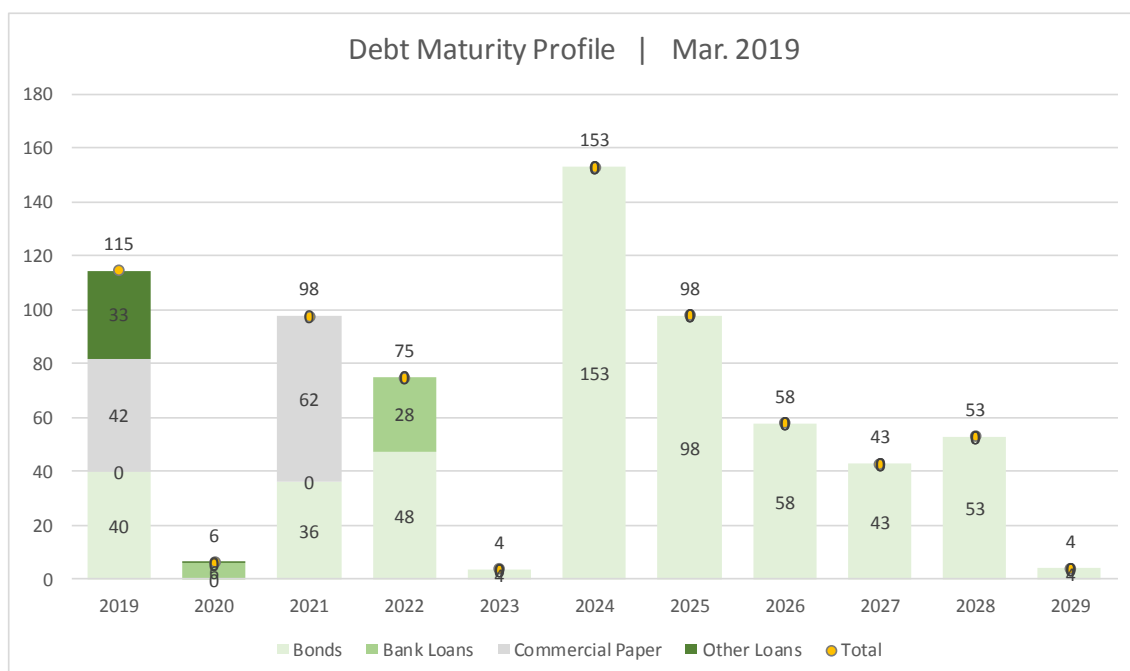
Remunerated net debt of 397 million Euro

Altri's nominal remunerated net debt as of March 31, 2019 amounted to 397 million Euro, a decrease of 36 million Euro over the net debt recorded in the end of 2018.

Total investment (CAPEX) recorded until March 2019 by its industrial units and Bioelétrica amounted to 22.9 million Euro, of which 7 million Euro are related to the new biomass power plant at Figueira da Foz.

Financial Information 1Q 2019

Altri's remunerated gross debt maturity profile, as of March 31, 2019, is as follows:



Regarding risk management, Altri uses exchange rate derivatives in order to hedge future cash flows. Hence, as of March 31, 2019, Altri has contracted Asian-style call and put options (exchange rate collars) in the amount of USD 12 million per month covering the first half of 2019; USD 18 million per month for the second half of 2019; USD 9 million per month for 1H2020 and USD 3 million per month for 2H2020.

Financial Information 1Q 2019

Key balance sheet indicators

thousand Euro	31.Mar.19	31.Dec.18	Var%
Biological assets	98,777	98,474	0%
Property, plant and equipment	558,972	555,510	1%
Goodwill	265,531	265,531	0%
Intangible assets and Right of use	124,512	55,284	125%
Others	43,288	41,760	4%
Non-current assets	1,091,080	1,016,559	7%
Inventories	62,957	70,096	-10%
Customers	133,584	120,825	11%
Cash and banks	309,113	240,766	28%
Others	35,575	43,943	-19%
Current assets	541,229	475,630	14%
Total assets	1,632,309	1,492,189	9%
Equity and non-controlling interests	549,109	521,597	5%
Bank loans	583,229	539,536	8%
Lease liability	69,211	-	-
Others	84,060	82,586	2%
Non-current liabilities	736,500	622,122	18%
Bank loans	123,443	135,348	-9%
Lease liability	11,050	-	-
Suppliers	120,753	123,710	-2%
Others	91,455	89,412	2%
Current liabilities	346,701	348,470	-1%



Financial Information 1Q 2019

Impacts of IFRS 16

As of 1 January 2019, Altri's Group financial statements reflect the adoption of IFRS 16. The Group did not restate the comparative information regarding 2018, according to the possibility stated in this standard. The main impacts of the standard in the quarter under analysis are as follows:

1. EBITDA: increase of 2.6 million Euro;
2. Amortisations: increase of 2.1 million Euro;
3. Financial expenses: increase of 0.6 million Euro;
4. Asset ("Right of Use"): increase of 69 million Euro;
5. Liability ("Lease Liability"): increase of 80 million Euro;
6. Equity: decrease of 7 million Euro (net of deferred taxes).

The nominal remunerated net debt of 397 million Euro does not include the lease liability mentioned above.

Financial Information 1Q 2019

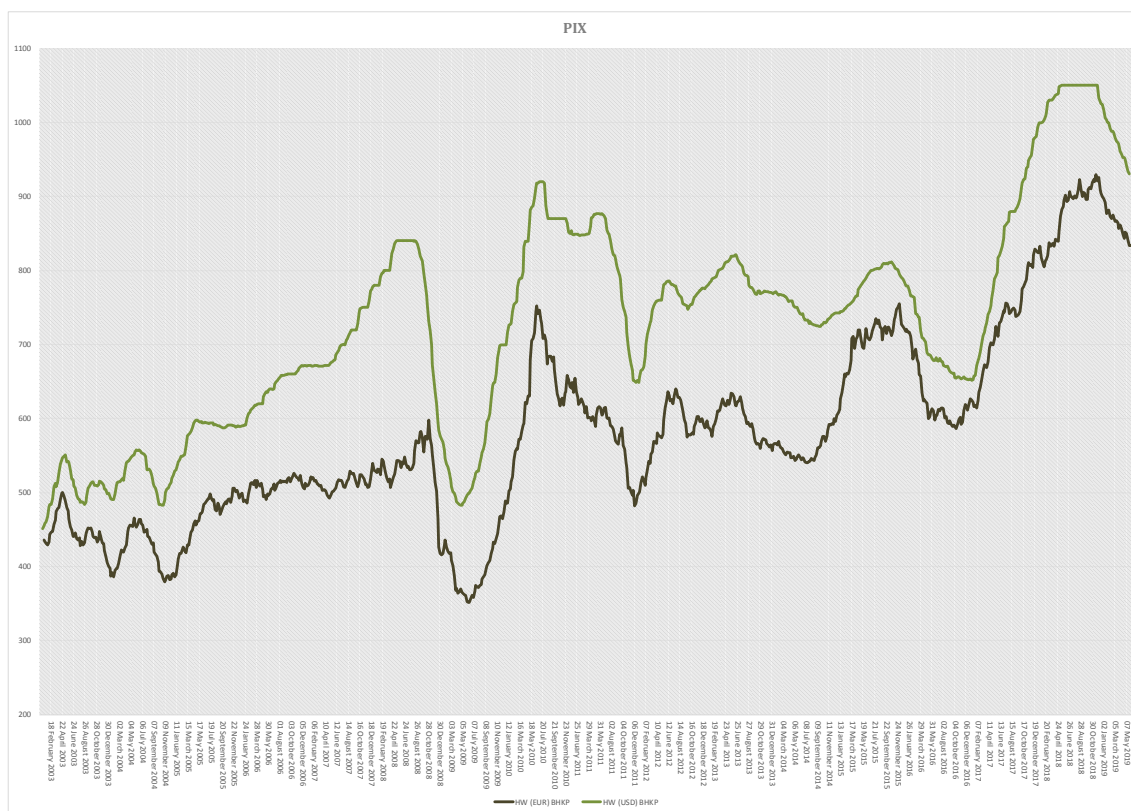
Pulp market

The hardwood pulp market recorded a strong downward trend in demand, during the last two months of 2018, which extended for the first quarter of 2019. Hence, according to data from Pulp and Paper Products Council (PPPC World Chemical Market Pulp Global 100 Report – March 2019), during the first 3 months of 2019, hardwood pulp total demand decreased around 10% comparatively to the same period of the previous year.

In terms of BHKP pulp price, the first quarter of 2019 was characterized by a 2% decrease of the price in USD when compared to the same period of the previous year. In Euro, the evolution of the average market price during the same period was -6%.

Evolution of BHKP pulp price in Europe from 2003 until May 2019

Source: *FOEX*



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2019 Outlook

In operational terms, Altri's industrial units schedule for programmed maintenance stoppage during 2019 is as follows:

Celtejo: May

Caima: October

In terms of CAPEX, regarding the investment plan announced for 2019 (amounting to 80 million Euro), it should be noted that the conclusion and the operations start of the new biomass power plant at Figueira da Foz are expected to occur during the third quarter of 2019.

Altri – business profile

Altri is a reference in European eucalyptus pulp producers. 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 manages over 80 thousand hectares of forest in Portugal, entirely certified by the Forest Stewardship Council® (FSC®)¹ and for the Programme for the Endorsement of Forest Certification (PEFC), two of the most worldwide acknowledged certification entities.

Altri has three pulp mills in Portugal, with an installed capacity that in 2018 reached more than 1 million tons/year of eucalyptus pulp.

Altri's organic structure can be represented as follows:



Oporto, May 30, 2019

¹ FSC-C004615

Consolidated financial statements and notes

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(translation of a document originally issued in Portuguese – note 19)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS OF 31 MARCH 2019 AND 31 DECEMBER 2018

(Translation of financial statements originally issued in Portuguese - Note 19)
(Amounts expressed in Euro)

ASSETS	Notes	31.03.2019	31.12.2018
NON-CURRENT ASSETS:			
Biological assets		98,777,097	98,473,925
Property, plant and equipment		558,972,136	555,509,551
Right of use	3	69,323,689	-
Investment property		113,310	113,310
Goodwill		265,531,404	265,531,404
Intangible assets		55,188,333	55,284,353
Investments in associated companies and joint ventures	4.2	698,048	696,660
Other financial investments		815,704	822,913
Other non-current assets		3,210,260	3,210,260
Derivatives	11	10,692	733,653
Deferred tax assets	3	38,440,159	36,183,398
Total non-current assets		1,091,080,832	1,016,559,427
CURRENT ASSETS:			
Inventories		62,957,045	70,096,250
Trade receivables		133,584,452	120,825,225
Contract assets		4,450,005	8,018,340
Other financial assets		13,962,346	25,079,689
Income tax receivable		1,243,992	3,702,509
Other current assets		15,790,386	7,043,093
Derivatives	11	127,718	98,873
Cash and banks	6	309,113,107	240,765,868
Total current assets		541,229,051	475,629,847
Total assets		1,632,309,883	1,492,189,274
EQUITY AND LIABILITIES			
EQUITY:			
Share capital	8	25,641,459	25,641,459
Legal reserve		5,128,292	5,128,292
Other reserves		481,614,768	296,330,045
Consolidated net profit / (loss)		36,724,428	194,497,353
Total equity attributable to the equity holders of the parent company		549,108,947	521,597,149
Non-controlling interests		-	-
Total equity		549,108,947	521,597,149
LIABILITIES:			
NON-CURRENT LIABILITIES:			
Bank loans	9	27,500,000	33,500,000
Other loans	9	555,728,956	506,035,710
Reimbursable government grants	9	6,402,284	6,581,251
Lease liability	3	69,211,138	-
Other non-current liabilities		18,269,835	16,411,963
Deferred tax liabilities		41,212,730	41,427,492
Pension liabilities		3,774,865	3,774,864
Provisions	10	14,390,155	14,390,330
Derivatives	11	9,740	-
Total non-current liabilities		736,499,703	622,121,610
CURRENT LIABILITIES:			
Bank loans	9	6,056,816	6,536,505
Other loans	9	117,385,778	128,811,525
Reimbursable government grants	9	5,690,057	5,511,090
Trade payables		120,753,529	123,710,486
Contract liabilities		2,320,580	5,670,445
Lease liability	3	11,050,218	-
Other financial liabilities		25,044,833	29,391,301
Income tax payable		38,026,260	25,228,590
Other liabilities		15,575,580	20,677,215
Derivatives	11	4,797,582	2,933,358
Total current liabilities		346,701,233	348,470,515
Total equity and liabilities		1,632,309,883	1,492,189,274

The accompanying notes form an integral part of consolidated financial statements

The official chartered accountant

The Board of Directors

FINANCIAL INFORMATION 1Q 2019

Consolidated financial statements and notes

(translation of a document originally issued in Portuguese – note 19)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 19)
(Amounts expressed in Euro)

	Notes	31.03.2019	31.03.2018
Sales		204,625,421	169,892,818
Services rendered		1,066,019	2,315,456
Other income	14	1,662,584	1,176,513
Cost of sales		(77,467,227)	(58,694,360)
External supplies and services	3	(44,085,376)	(40,986,119)
Payroll expenses		(9,268,922)	(8,314,972)
Amortisation and depreciation	3	(18,926,358)	(13,862,954)
Provisions and impairment losses		(159,401)	-
Other costs		(1,835,159)	(2,110,947)
Gains / (losses) in associated companies and joint ventures	4.2	1,388	723,227
Financial expenses	3 and 12	(6,189,014)	(4,866,559)
Financial income	12	1,393,157	2,233,662
Profit before income tax		50,817,112	47,505,765
Income tax		(14,092,684)	(14,860,420)
Profit after income tax		36,724,428	32,645,345
Consolidated net profit		36,724,428	32,645,345
Attributable to:			
Parent company's shareholders		36,724,428	32,645,345
Non-controlling interests		-	-
		36,724,428	32,645,345
Earnings per share:			
Basic	13	0.18	0.16
Diluted	13	0.18	0.16

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(translation of a document originally issued in Portuguese – note 19)

CONSOLIDATED STATEMENTS OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 19)
(Amounts expressed in Euro)

	Notes	31.03.2019	31.03.2018
Consolidated net profit for the period		36,724,428	32,645,345
Other comprehensive income:			
Items that may be reclassified to profit and loss in subsequent periods			
Change in fair value of cash flow hedging derivatives - gross amount	11	(2,679,620)	(197,542)
Change in fair value of cash flow hedging derivatives - deferred taxation	11	701,400	19,870
Changes in currency translation reserves		4,743	(7,159)
		(1,973,477)	(184,831)
Other comprehensive income		(1,973,477)	(184,831)
Total comprehensive income for the period		34,750,951	32,460,514
Attributable to:			
Equity holders of the parent company		34,750,951	32,460,514
Non-controlling interests		-	-

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The official chartered accountant

The Board of Directors

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 19)
(Amounts expressed in Euro)

	Notes	Attributable to the parent company's shareholders					Non-controlling interest	Total shareholders' funds
		Share capital	Legal reserve	Other reserves	Net profit	Total		
Balance as of 1 January 2018	8	25,641,459	5,128,292	267,729,157	96,068,168	394,567,076	-	394,567,076
Appropriation of the consolidated net profit of 2017		-	-	96,068,168	(96,068,168)	-	-	-
Total comprehensive income for the period		-	-	(184,831)	32,645,345	32,460,514	-	32,460,514
Balance as of 31 March 2018	8	<u>25,641,459</u>	<u>5,128,292</u>	<u>95,883,337</u>	<u>32,645,345</u>	<u>427,027,590</u>	<u>-</u>	<u>427,027,590</u>
Balance as of 1 January 2019	8	25,641,459	5,128,292	296,330,045	194,497,353	521,597,149	-	521,597,149
IFRS 16 adoption effects	3	-	-	(7,239,153)	-	(7,239,153)	-	(7,239,153)
Balance as of 1 January 2019 restated		25,641,459	5,128,292	289,090,892	194,497,353	514,357,996	-	514,357,996
Appropriation of the consolidated net profit of 2018		-	-	194,497,353	(194,497,353)	-	-	-
Total comprehensive income for the period		-	-	(1,973,477)	36,724,428	34,750,951	-	34,750,951
Balance as of 31 March 2019	8	<u>25,641,459</u>	<u>5,128,292</u>	<u>481,614,768</u>	<u>36,724,428</u>	<u>549,108,947</u>	<u>-</u>	<u>549,108,947</u>

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The official chartered accountant

The Board of Directors

FINANCIAL INFORMATION 1Q 2019

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(translation of a document originally issued in Portuguese – note 19)

CONDENSED CONSOLIDATED CASH-FLOW STATEMENTS FOR THE THREE MONTHS PERIODS ENDED 31 MARCH 2019 AND 2018

(Translation of financial statements originally issued in Portuguese - Note 19)
(Amounts expressed in Euro)

	Notes	2019	2018
Operating activities:			
Cash flow from operating activities (1)		<u>67,133,076</u>	<u>55,538,749</u>
Investment activities:			
Receipts relating to:			
Financial investments	6	7,209	48,000
Tangible assets		48,791	5,978
Interests and similar income		646,728	1,350,718
Dividends		-	-
		<u>702,728</u>	<u>1,404,696</u>
Payments relating to:			
Tangible assets		(22,927,467)	(23,432,818)
Other financial assets		(593,305)	(2,417,146)
Intangible assets		(555,999)	-
Investment subsidies		-	(1,060)
		<u>(24,076,771)</u>	<u>(25,851,024)</u>
Cash flow from investment activities (2)		<u>(23,374,043)</u>	<u>(24,446,328)</u>
Financing activities:			
Receipts relating to:			
Loans obtained		50,888,846	85,000,000
Other financial operations		-	101,049
		<u>50,888,846</u>	<u>85,101,049</u>
Payments relating to:			
Interest and similar costs		(5,020,962)	(4,326,281)
Loans obtained		(18,117,657)	(42,672,243)
Other financial operations		(2,872,231)	-
		<u>(26,010,850)</u>	<u>(46,998,524)</u>
Cash flow from financing activities (3)		<u>24,877,996</u>	<u>38,102,525</u>
Cash and cash equivalents at the beginning of the period	6	240,476,078	193,599,737
Exchange rate effect		-	(8,404)
Variation of cash and cash equivalent: (1)+(2)+(3)		<u>68,637,029</u>	<u>69,194,946</u>
Cash and cash equivalents at the end of the period	6	<u><u>309,113,107</u></u>	<u><u>262,786,279</u></u>

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The official chartered accountant

The Board of Directors

1. INTRODUCTORY NOTE

Altri, SGPS, S.A. (“Altri” or “Company”) is an open capital company established as of 1 March 2005 and has its head-office located at Rua Manuel Pinto Azevedo, 818, Porto and its shares are listed in the Euronext Lisbon Stock Exchange. Its main activity is the management of investments.

Altri dedicates to the management of investments mainly in the industrial area, being the parent company of a group of companies listed in Note 4 and known as Altri Group. There is not any Company above Altri, which includes these consolidated financial statements. 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 15 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 2019 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 2018.

3. CHANGES IN ACCOUNTING POLICIES AND COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS

During the period there were no changes in accounting policies, neither were identified any material mistakes related to previous years.

The comparability of the consolidated financial statements as of 31 March 2019, 31 December 2018 and 31 March 2018 was affected by the application of IFRS 16 – Lease as of 1 January 2019.

The Group opted for the modified retrospective model foreseen in paragraphs C3(a), C7 and C8 of IFRS 16. Consequently, it determined the discount rate based on the incremental borrowing rate using the currency, maturity and cash flows inherent to the lease and to the credit risk of the Group. The Group elected to use the exemption proposed by the standard on lease contracts for which the lease terms ends within 12 months as of the date of initial application.

The Group present assets “Right of use” and “Lease liability” in captions properly segregated in the financial position statement.

The liabilities recorded as “Lease liability” correspond to the actual value, as of 1 January 2019, of the remaining lease payments from contracts previously classified as operational leases, as stated at IAS 17, and do not correspond to short-term leases or “low-value” leases, accordingly to IFRS 16.

The biggest impact of the IFRS 16 adoption refers to the Group’s forest leasing contracts.

If this standard had not been adopted, the main changes in the consolidated financial statements as of 31 March 2019 would be as follows:

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(translation of a document originally issued in Portuguese – note 19)

ASSETS		31.03.2019	IFRS 16 Effect	31.03.2019 without IFRS 16 effect
NON-CURRENT ASSETS:				
Right of use		69,323,689	69,323,689	-
Deferred tax assets		38,440,159	2,195,310	36,244,849
Total non-current assets		1,091,080,832	71,518,999	1,019,709,743
CURRENT ASSETS:				
Total current assets		541,229,051	-	541,229,051
Total assets		1,632,309,883	71,518,999	1,560,938,794
EQUITY AND LIABILITIES		31.03.2019	IFRS 16 Effect	31.03.2019 without IFRS 16 effect
EQUITY:				
Other reserves		481,614,768	(7,239,153)	488,853,921
Consolidated net profit / (loss)		36,724,428	59,887	36,664,541
Total equity attributable to the equity holders of the parent company		549,108,947	(7,179,266)	556,288,213
Non-controlling interests		-	-	-
Total equity		549,108,947	(7,179,266)	556,288,213
LIABILITIES:				
NON-CURRENT LIABILITIES:				
Lease liability		69,211,138	69,211,138	-
Total non-current liabilities		736,499,703	69,211,138	667,288,565
CURRENT LIABILITIES:				
Trade payables		120,753,529	(62,251)	120,815,780
Lease liability		11,050,218	11,050,218	-
Other liabilities		15,575,580	(1,500,840)	17,076,420
Total current liabilities		346,701,233	9,487,127	337,214,106
Total equity and liabilities		1,632,309,883	71,518,999	1,560,790,884
		31.03.2019	IFRS 16 Effect	31.03.2019 without IFRS 16
External supplies and services		(44,085,376)	2,717,689	(46,803,065)
Amortisation and depreciation		(18,926,358)	(2,113,787)	(16,812,571)
Financial expenses		(6,189,014)	(569,396)	(5,619,618)
	Profit before income tax	50,817,112	34,506	50,782,606
Income tax		(14,092,684)	25,381	(14,118,065)
	Profit after income tax	36,724,428	59,887	36,664,541
Consolidated net profit		36,724,428	59,887	36,664,541

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 2019 and 31 December 2018, are as follows:

Company	Head Office	Percentage Held		Main Activity
		2019	2018	
<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.	Pontevedra, 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
Captaralz 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
Infloira – Sociedade de Investimentos Florestais, S.A.	Figueira da Foz	100%	100%	Forest management
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
Bioelétrica da Foz, S.A.	Figueira da Foz	100%	100%	Production of electric energy through waste sources and biomass
Bioródão, S.A.	Figueira da Foz	100%	100%	Production of electric energy through waste sources and biomass
Ródão Power - Energia e Biomassa do Ródão, S.A.	Vila Velha de Ródão	100%	100%	Production and commercialization of electric and thermal energy through cogeneration
Sociedade Bioelétrica do Mondego, S.A.	Figueira da Foz	100%	100%	Production of electric energy through waste sources and biomass

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 2019 and 31 December 2018 are as follows:

Company	Head Office	Statement of financial position		Percentage Held		Activity
		2019	2018	2019	2018	
<u>Associated companies:</u>						
Operfoz – Operadores do Porto da Figueira da Foz, Lda.	Figueira da Foz	698,048	696,660	33.33%	33.33%	Harbor operations
		698,048	696,660			

This associated company was included in the Altri Group consolidated financial statements in accordance with the equity method.

The movements occurred in the balance of this caption in the periods ended in 31 March 2019 and 31 December 2018 were as follows:

	Statement of financial position		
	31.March.2019	31.December.2018	
	Operfoz	Operfoz	EDP Bioelétrica (a)
Opening balance	696,660	701,421	16,755,511
Dividends distribution	-	-	-
Acquisition of the remaining 50% of capital	-	-	(21,039,089)
Equity method:			
Effects on gains and losses in associated companies and joint ventures	1,388	(4,761)	4,283,578
Closing balance	698,048	696,660	-

(a) – includes loans granted.

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.

5. CHANGES OCCURED IN THE CONSOLIDATION PERIMETER

During the three months period ended on 31 March 2019 there were no changes in the consolidation perimeter compared to 31 December 2018.

6. CASH AND BANKS

As of 31 March 2019 and 2018, the caption "Cash and banks" can be detailed as follows:

	31.03.2019	31.03.2018
Cash	36,462	36,907
Bank deposits	309,076,645	262,749,372
Cash and banks	309,113,107	262,786,279

During the three months periods ended on 31 March 2019 and 2018, there were no receipts or payments related to investments.

During the period ended as of 31 March 2018, the receipts relating with financial investments correspond to the partial collection of the sale of Sôcasca – Recolha e Comércio de Recicláveis, S.A. (disposed in 2011).

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 2015 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 2019.

8. SHARE CAPITAL

As of 31 March 2019 and 2018, the Company's fully subscribed and paid up capital consisted of 205,131,672 shares with a nominal value of 12.5 cents of Euro each.

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9. BANK LOANS, OTHER LOANS AND REIMBURSABLE SUBSIDIES

As of 31 March 2019 and 31 December 2018, the captions “Bank loans”, “Other loans” and “Reimbursable subsidies” can be detailed as follows:

	31.03.2019					
	Nominal value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	6,000,000	27,500,000	33,500,000	6,056,816	27,500,000	33,556,816
Bank loans	6,000,000	27,500,000	33,500,000	6,056,816	27,500,000	33,556,816
Commercial paper	42,000,000	61,500,000	103,500,000	42,192,989	61,500,000	103,692,989
Bond loans	40,000,000	496,400,000	536,400,000	42,572,804	494,084,956	536,657,760
Other loans	32,619,985	144,000	32,763,985	32,619,985	144,000	32,763,985
Other loans	114,619,985	558,044,000	672,663,985	117,385,778	555,728,956	673,114,734
Reimbursable government grants	5,690,057	6,402,284	12,092,341	5,690,057	6,402,284	12,092,341
	126,310,042	591,946,284	718,256,326	129,132,651	589,631,240	718,763,891

	31.12.2018					
	Nominal value			Book value		
	Current	Non-current	Total	Current	Non-current	Total
Bank loans	6,000,000	33,500,000	39,500,000	6,246,715	33,500,000	39,746,715
Bank overdrafts	289,790	-	289,790	289,790	-	289,790
Bank loans	6,289,790	33,500,000	39,789,790	6,536,505	33,500,000	40,036,505
Commercial paper	42,000,000	61,500,000	103,500,000	42,127,037	61,490,259	103,617,296
Bond loans	40,000,000	446,400,000	486,400,000	42,855,915	444,353,451	487,209,366
Other loans	43,828,573	192,000	44,020,573	43,828,573	192,000	44,020,573
Other loans	125,828,573	508,092,000	633,920,573	128,811,525	506,035,710	634,847,235
Reimbursable government grants	5,511,090	6,581,251	12,092,341	5,511,090	6,581,251	12,092,341
	137,629,453	548,173,251	685,802,704	140,859,120	546,116,961	686,976,081

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).

10. ACCUMULATED PROVISIONS AND IMPAIRMENT LOSSES

The movements occurred in provisions and impairment losses for the three months periods ended at 31 March 2019 and 2018 can be detailed as follows:

	31.03.2019			
	Provisions	Impairment losses in accounts receivable	Impairment losses in inventories	Total
Opening balance	14,390,330	3,630,547	8,336,698	26,357,575
Increases	2,876	-	-	2,876
Utilizations	(3,051)	-	(159,226)	(162,277)
Closing balance	14,390,155	3,630,547	8,177,472	26,198,174

	31.03.2018			
	Provisions	Impairment losses in accounts receivable	Impairment losses in inventories	Total
Opening balance	5,025,260	3,604,839	7,803,018	16,433,117
Increases	-	-	-	-
Utilizations	(3,051)	-	(690,000)	(693,051)
Closing balance	5,022,209	3,604,839	7,113,018	15,740,066

The amount recorded under the caption “Provisions” as at 31 March 2019 and 2018 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.

As of 31 March 2019, the amount still includes the dismantling and decommissioning provisions of the power generation plants operated by Bioeléctrica da Foz and its subsidiaries.

11. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 March 2019 and 2018, the companies of the Group operated with contracts for derivatives related to hedge interest rate variations, exchange rate derivatives and pulp price (commodities) 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 2019 and 31 December 2018 the detail of the financial derivative instruments is as follows:

	31.03.2019				31.12.2018			
	Assets		Liabilities		Assets		Liabilities	
	Current	Non-current	Current	Non-current	Current	Non-current	Current	Non-current
Interest rate derivatives	-	-	1,157,606	-	-	-	788,929	-
Exchange rate derivatives	-	10,692	2,029,331	9,740	-	733,653	870,615	-
Pulp price derivatives	127,718	-	1,610,645	-	98,873	-	1,273,814	-
	127,718	10,692	4,797,582	9,740	98,873	733,653	2,933,358	-

As of 31 March 2019 and 2018 movements of the financial derivative instruments occurred in the three months periods then ended are as follows:

	Pulp price derivatives	Interest rates derivatives	Exchange rate derivatives	Total
2019				
Opening balance	(1,174,941)	(788,929)	(136,962)	(2,100,832)
Derivatives fair value variation				
Effects on shareholders' funds	(307,985)	(282,036)	(2,089,599)	(2,679,620)
Effects on the profit and loss statement	-	(86,641)	198,182	111,541
Effects on the balance sheet	-	-	-	-
Closing balance	(1,482,926)	(1,157,606)	(2,028,379)	(4,668,911)
2018				
Opening balance	(393,397)	(557,215)	5,845,188	4,894,576
Derivatives fair value variation				
Effects on shareholders' funds	(1,659,405)	(53,943)	1,515,806	(197,542)
Effects on the profit and loss statement	1,520,867	(23,125)	-	1,497,742
Effects on the balance sheet	(192,884)	-	-	(192,884)
Closing balance	(724,819)	(634,283)	7,360,994	6,001,892

12. FINANCIAL RESULTS

The financial results for the three months periods ended at 31 March 2019 and 2018 are detailed as follows:

	31.03.2019	31.03.2018
<u>Financial expenses</u>		
Interests	4,143,973	3,012,337
Other financial expenses	2,045,041	1,854,222
	<u>6,189,014</u>	<u>4,866,559</u>
<u>Financial income</u>		
Interests	980,224	107,450
Other financial income	412,933	2,126,212
	<u>1,393,157</u>	<u>2,233,662</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). The caption “Other financial income” includes, mainly, exchange rate gains.

13. EARNINGS PER SHARE

Earnings per share for the three months periods ended as of 31 March 2019 and 2018 were determined taking into consideration the following amounts:

	31.03.2019	31.03.2018
Shares 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	36,724,428	32,645,345
Earnings per share		
Basic	0.18	0.16
Diluted	0.18	0.16

14. OTHER INCOME

As of 31 March 2019 and 2018 the caption of the statement of profit and loss “Other Income” is detailed as follows:

	31.03.2019	31.03.2018
Subsidies to investment and exploitation	1,221,117	1,117,732
Gains on disposal of fixed assets	64,427	7,163
Other income	377,040	51,618
	<u>1,662,584</u>	<u>1,176,513</u>

15. SEGMENTAL INFORMATION

In 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.

16. 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.

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During the three months periods ended at 31 March 2019 and 2018, there were no transactions or loans granted to the members of the Board of Directors.

As of 31 March 2019 and 2018 the balances and transactions with related parties are as follow:

<u>Transactions</u>	<u>Purchases and services obtained</u>		<u>Sales and services rendered</u>		<u>Interest income</u>	
	31.03.2019	31.03.2018	31.03.2019	31.03.2018	31.03.2019	31.03.2018
Associated companies and joint ventures (a)	368,891	411,750	-	3,888,345	-	31,340
Other related parties (b)	712,298	258,371	-	-	-	-
	<u>1,081,189</u>	<u>670,121</u>	<u>-</u>	<u>3,888,345</u>	<u>-</u>	<u>31,340</u>

<u>Balances</u>	<u>Accounts payable</u>		<u>Accounts receivable</u>	
	31.03.2019	31.12.2018	31.03.2019	31.12.2018
Associated companies and joint ventures (a)	97,331	5,217	-	652,659
Other related parties (b)	56,559	7,417,292	-	261,678
	<u>153,890</u>	<u>7,422,509</u>	<u>-</u>	<u>914,337</u>

- (a) All entities consolidated by the equity method as of 31 March 2019 and 2018 (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 2019 can be detailed as follow:

- Actium Capital, S.A.
- A Nossa Aposta – Jogos e Apostas On-line, S.A.
- Caderno Azul, S.A.
- Cofihold, S.A.
- Cofihold II, S.A.
- Cofina Media, S.A.
- Cofina, SGPS, S.A.
- Elege Valor, Lda.
- Expeliarmus – Consultoria, Lda.
- F. Ramada II, Imobiliária, S.A.
- Ramada Investimentos e Indústria, S.A.
- Grafedisport – Impressão e Artes Gráficas, S.A.
- Livrefluxo, S.A.
- Mercados Globais – Publicação de Conteúdos, Lda.
- Planfuro Global, S.A.
- Préstimo – Prestígio Imobiliário, S.A.
- Promendo Investimentos, S.A.
- Ramada – Aços, S.A.
- Socitrel – Sociedade Industrial de Trefilaria, S.A.
- Universal Afir, S.A.
- Valor Autêntico, S.A.
- VASP – Sociedade de Transportes e Distribuições, Lda.
- 1 Thing, Investments, S.A.

17. APPLICATION OF NET PROFIT

Regarding the fiscal year of 2018, the Board of Directors proposed, in its annual report, approved at the General Shareholders' Meeting held on 28 May 2019, that the individual net profit of Altri, SGPS, S.A., amounting to 135,210,911.23 Euro, would be entirely distributed as dividends. The Board of Directors proposed, as well, the distribution of free reserves amounting to 12,483,892.84 Euro, as of dividends, which corresponds to a total dividend of 0.72 Euro/share.

18. FINANCIAL STATEMENTS APPROVAL

The financial statements were approved by the Board of Directors and authorized for issuance in 30 May 2019.

19. 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

Ana Rebelo de Carvalho Menéres de Mendonça

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