



Highlights 1st Half 2016 (vs. H1 2015)

- Record paper sales, measured in tons and euros
- EBITDA up 5.8% to € 195.3 million, and EBITDA/Sales margin improves to 25.1%
- Strong operating performance, with growth in sales volume for paper (+3.7%), pulp (+9.6%) and tissue (+32.8%)
- Energy business records decrease in sales with application of new tariffs and switch to self-consumption (reduction in turnover of € 38.4 million).
- Investment in pellets mill in US nearing completion: production trials under way with continuous operation due to start up on 22 August.
- Net debt evolves as expected with Net Debt/EBITDA ratio kept within comfortable levels
- IFC confirms its intention to take up 20% stake in Portucel Moçambique

Highlights: 2nd Quarter 2016 (vs. Q1 2015)

- Sound performance in the quarter, with turnover at € 394 million
- Dividend of € 170 million paid in May, representing yield of 8.4% (in relation to listed share price at 24/05/2016)
- Fire at tissue mill in Vila Velha de Rodão in early May with no relevant impact
- Repayment of € 150 million on high yield bond issue with fresh borrowing contracted at lower cost and with longer maturities
- Installation of Portugal's largest solar power facility on an industrial site at the Setúbal paper mill



Summary of Leading Indicators – IFRS (unaudited figures)

	H1	Н1	% Change
in million euros	2016	2015	H1 16/H1 15
Total sales	778.6	794.9	-2.1%
EBITDA (1)	195.3	184.5	5.8%
Operating profits	107.9	129.7	-16.8%
Financial results	- 13.5	- 17.8	-24.6%
Net earnings	85.5	100.5	-14.9%
Cash flow	172.8	155.3	17.5
Free Cash Flow ⁽²⁾	31.3	46.9	-15.5
Capex	75.3	77.2	-1.9
Net debt ⁽³⁾	793.2	558.6	23459.0%
EBITDA / Sales (%)	25.1%	23.2%	1.9 pp
ROS	11.0%	12.6%	-1.7 pp
ROE ROCE	14.6% 11.4%	15.0% 14.7%	-0.4 pp
Equity ratio	46.2%	49.6%	-3.3 pp
			-3.4 pp
Net Debt / EBITDA (4)	1.98	1.57	1.26
	Q2	Q1	% Change
in million euros	Q2 2016	Q1 2015	% Change Q2 16/Q1 16
in million euros	-	_	_
in million euros Total sales	-	_	_
	2016	2015	Q2 16/Q1 16
Total sales	2016 394.0	2015 384.6	Q2 16/Q1 16 2.5%
Total sales EBITDA ⁽¹⁾	2016 394.0 101.8	2015 384.6 93.5	Q2 16/Q1 16 2.5% 8.8%
Total sales EBITDA ⁽¹⁾ Operating profits	2016 394.0 101.8 51.5	384.6 93.5 56.4	Q2 16/Q1 16 2.5% 8.8% -8.7%
Total sales EBITDA ⁽¹⁾ Operating profits Financial results	394.0 101.8 51.5 - 10.7	384.6 93.5 56.4 - 2.7	Q2 16/Q1 16 2.5% 8.8% -8.7% 295.7%
Total sales EBITDA ⁽¹⁾ Operating profits Financial results Net earnings	2016 394.0 101.8 51.5 - 10.7 40.7	384.6 93.5 56.4 - 2.7 44.7	Q2 16/Q1 16 2.5% 8.8% -8.7% 295.7% -8.9%
Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2) Capex	2016 394.0 101.8 51.5 - 10.7 40.7 91.0	384.6 93.5 56.4 - 2.7 44.7 81.8	Q2 16/Q1 16 2.5% 8.8% -8.7% 295.7% -8.9% 0.1
Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2)	2016 394.0 101.8 51.5 - 10.7 40.7 91.0 13.3	2015 384.6 93.5 56.4 - 2.7 44.7 81.8 18.0	Q2 16/Q1 16 2.5% 8.8% -8.7% 295.7% -8.9% 0.1 -4.8
Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2) Capex Net debt (3)	2016 394.0 101.8 51.5 - 10.7 40.7 91.0 13.3 26.3 793.2	384.6 93.5 56.4 - 2.7 44.7 81.8 18.0 49.0 636.4	Q2 16/Q1 16 2.5% 8.8% -8.7% 295.7% -8.9% 0.1 -4.8 -22.7 156.7
Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2) Capex Net debt (3) EBITDA / Sales (%)	2016 394.0 101.8 51.5 - 10.7 40.7 91.0 13.3 26.3 793.2 25.8%	384.6 93.5 56.4 - 2.7 44.7 81.8 18.0 49.0 636.4 24.3%	2.5% 8.8% -8.7% 295.7% -8.9% 0.1 -4.8 -22.7 156.7
Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2) Capex Net debt (3) EBITDA / Sales (%) ROS	2016 394.0 101.8 51.5 - 10.7 40.7 91.0 13.3 26.3 793.2 25.8% 10.3%	384.6 93.5 56.4 - 2.7 44.7 81.8 18.0 49.0 636.4	2.5% 8.8% -8.7% 295.7% -8.9% 0.1 -4.8 -22.7 156.7 1.5 pp -1.3 pp
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Total sales EBITDA (1) Operating profits Financial results Net earnings Cash flow Free Cash Flow (2) Capex Net debt (3) EBITDA / Sales (%) ROS ROS	2016 394.0 101.8 51.5 - 10.7 40.7 91.0 13.3 26.3 793.2 25.8% 10.3% 13.7%	2015 384.6 93.5 56.4 - 2.7 44.7 81.8 18.0 49.0 636.4 24.3% 11.6% 14.5%	2.5% 8.8% -8.7% 295.7% -8.9% 0.1 -4.8 -22.7 156.7 1.5 pp -1.3 pp

⁽¹⁾ Operating profits + depreciation + provisions

⁽⁴⁾ EBITDA corresponding to last 12 months



⁽²⁾ Var. Net debt + dividends + purchase of own shares

⁽³⁾ Interest-bearing net debt — liquid assets

1. ANALYSIS OF RESULTS

1st Half 2016 Highlights (vs. 1st Half 2015)

The Navigator Company recorded sound performance during the first half of 2016, with turnover totalling \in 778.6 million. Outstanding performance in the Group's traditional pulp and paper business resulted in its best ever first half figures for both the volume and value of paper sales. At the same time, turnover was down by 2.1% in relation to the first half of 2015 due to a reduction in the value of power sales, caused by the downwards revision of the tariff paid by the national grid for power from the Figueira da Foz cogeneration plant.

In the European market for uncoated woodfree printing and writing paper (UWF), a significant reduction in production capacity allowed capacity utilization rates in the industry to rise strongly. At the same time, exports fell and imports into the European market increased, in particular from Asia, whilst estimates point to a reduction in apparent consumption of approximately 2%. In this context, the Group recorded sales of 775.5 thousand tons, its highest ever figure for the first half of the year, up by 3.7% on its sales volume in H1 2015. The Group increased its European sales at the same time as achieving significant growth in sales to international markets. The European A4 copy B price index performed well (up 2.3%), whilst Navigator's average price for all markets edged downwards, due essentially to foreign exchange factors, concerning sterling in particular, and negative trends in the product mix.

The first half proved more difficult in bleached eucalyptus pulp (BEKP) business, where sales prices have been falling since late 2015. Navigator nonetheless recorded strong operating performance: figures for the volume of pulp placed on the market point to a rise of 10% in sales, thanks to the capacity expansion at the Cacia mill, which has resulted in increased availability of pulp for the market. The downturn in the pulp market, where the BHKP PIX index dropped 13% in dollars and 15% in euros, was also reflected in the Group's average sales price: in terms of value, sales grew by only 3%.

The Group is currently conducting pre-feasibility studies to increase pulp capacity at the Figueira da Foz mill, in order to reach 650 thousand tons of output per year. Preliminary studies are at an advanced stage but the execution of the investment is depending on the verification of a series of



economic and financial prerequisites, which will be confirmed during the second half of 2016.

Major developments in the energy sector in the first half of 2016 included the completion of maintenance and repair work on the turbogenerators at the Cacia and Setúbal pulp mills. Other planned maintenance work was carried out, notably at the natural gas cogeneration plant at the Setúbal Industrial Complex and on the Setúbal biomass power station. Total gross power generation in the first half of 2016 was accordingly down by 12.6% in relation to the same period in 2015.

As from February, natural gas cogeneration at Figueira da Foz has switched to an own-consumption only basis, reducing the volume of power sales to the national grid but also reducing purchases of electricity for one of the paper mills. Power sales decreased in volume (MWh) by 24.3%. Accordingly, the value of energy sales suffered a reduction of \in 38.4 million in the first half of 2016, offset by a reduction in purchases of energy and natural gas, in the global amount of \in 31 million. It is important to enhance that this amount includes \in 16.9 million impact of reduction in price.

In the tissue sector, the volume of sales of products and goods from the Vila Velha de Ródão plant (in tons sold) grew by approximately 30% in the first half of 2016, thanks to the expansion in production and converting capacity over the course of 2015. The increase in quantities sold, combined with a slight decline in the average sales price, caused by changes in the product mix (increased sales of reels), resulted in tissue sales worth € 33.1 million.

The fire which occurred at the Vila Velha de Ródão mill in early May affected essentially the raw materials store, and had no impact on output of finished products, although it caused difficulties in the production of reels. The estimated impact on reel sales was \in 1.0 million, and the impact on the profit and loss account for the first half was \in 6.7 million (relating to write-offs and extra operating costs). At year end, the impact on the profit and loss account net from insurance compensation is estimated at approximately \in 1.1 million. The two paper machines were up and running again at the end of the first half.

On the input side, the Group has recorded a further improvement in specific consumption of wood, enabling it to cut its production costs. However, the rainy weather experienced up to the end of April caused severe difficulties for forestry operations in Portugal and forced the Group to increase its purchases of wood on the international market, pushing up the average purchase cost in the first half. Overall, the impact of the change in the wood mix outweighed the reduction in specific



consumption, meaning that raw material costs were higher than in the first half of 2015. Steps were taken to reduce logistical costs associated with wood imports: these included using the port of Aveiro, although improvements are still needed for this port to be an option in future periods.

Logistical costs for paper were brought down thanks to falling oil prices, increased use of ports closer to the mills (Setúbal and Figueira) and improvements and greater efficiency in the Group's exports.

Personnel costs grew by approximately \in 4.1 million in relation to the first half of 2015. This increase reflected expansion of the workforce, which increased by around 396, to a total of 3058 employees at the end of the first half, as a result of new business operations and the integration into the business model of activities which were previously outsourced. Excluding the impact of employees in new business areas and insourcing, personnel costs would have risen by only \in 0.3 million, i.e. 0.6%.

During the first half, the Group proceeded with the revaluation of its biological assets, for both plantations and assumptions in the valuation model, namely in terms of the discounted rate used.

The revaluation resulted in a positive impact in the value of biological assets of € 10.8 million.

In this context, consolidated EBITDA grew to \le 195.3 million, up by approximately 5.8% on the first half of 2015 and pushing the margin up by 1.9 pp to 25.1%.

Operating cash flow stood at \in 172.8 million, up by 11.3 % on the same period in 2015. Despite sound operational performance, free cash flow was brought down (to \in 31.3 million, as compared to \in 46.9 million) due essentially to the level of capital expenditure (\in 75.3 million) and unfavourable developments in working capital (increase in stocks of raw materials and accounts receivable from the State). The anti-dumping duty applied to paper sales in the United States also had a negative impact on free cash flow of approximately \in 5.2 million, although it had no effect on EBITDA. Continuous monitoring by the company of sales prices in the home market (Portugal) and the destination market (USA), confirmed by the company's legal advisers, using the same criteria as in the audit by the US Department of Commerce, shows that the best estimate of the anti-dumping duty in the period is 0% and not 7.8%.



Operating income totalled \in 107.9 million, as compared to the figure of \in 129.7 million recorded in the first half of 2015. This reduction is the result an increase of \in 25.1 million in the account for Depreciation and impairment, reflecting essentially upwards adjustment of the depreciation of some of the Group's assets, as a result of reassessment of their useful lives, and also the depreciation, for the first time, of the new capital projects in Cacia and Vila Velha de Ródão. This account also includes a number of adjustments resulting from the write-off of fixed assets as a result of the fire in Vila Velha de Ródão (\in 1.9 million) and the revaluation of assets in Mozambique (\in 14.5 million).

Financial results in the period showed a loss of \in 13.5 million, in comparison to a loss of \in 17.8 million in the first half of 2015. There was a significant reduction in interest expense, as a result of reorganisation of the Group's debt over the past twelve months. In May 2016, Navigator repaid the final tranche of Portucel Senior Notes 5.375%, amounting to \in 150 million and contracted new borrowing at a lower cost and with longer maturities. However, the first half results were penalised by a non-recurrent cost of approximately \in 7.9 million relating to the repayment of the Senior Notes. On the positive side, the results were boosted by reversal of provisions for tax compensatory interest with a value of \in 2.4 million.

Consolidated net income for the period therefore stood at \in 85.5 million, as compared with the figure of \in 100.5 million recorded in 2015.

2nd Quarter 2016 vs. 1st Quarter 2015

The second quarter of 2016 compares favourably with the first quarter of the year. This improvement is consistent with the results recorded in previous years and reflects the seasonal downturn in the beginning of the year. The Group's turnover increased by 2.5%, essentially on the strength of rising sales volume in paper business, which more than offset the reduction in the sales prices for pulp and also for paper.

The volume of paper sales stood at 397.7 thousand tons, the highest ever figure recorded by the Group in a second quarter, and up by 5.3% on the first quarter of the year. All the same, the average sales price edged downwards, under the increased pressure of competition observed in the markets over the period.



Sales of BEKP pulp were slightly higher than in the previous quarter, but the downturn in prices since the start of the year meant that the value of pulp sales dropped to around 10% below the figure recorded in the first quarter of the year.

In power business, repair work was completed on the turbogenerators at the Cacia and Setúbal mills and production returned to normal during the second half, rising by 2%. In value, sales were practically identical to those recorded in the previous quarter.

In this environment, EBITDA for the quarter improved, rising to \le 101.8 million, as compared to \le 93.5 million in the first quarter; the EBITDA/Sales margin also performed better, rising to 25.8% (from 24.3%)

2. MARKET ANALYSIS

2.1 UWF Paper

Developments in the UWF paper market in Europe during the first half of 2016 reflect the closure of two major units in late 2015. The capacity utilization rate in the industry was high in the first half, up 2 percentage points from the same period in 2015, at 96%. At the same time, European exports dropped sharply, as European manufacturers continued to optimise their sales mix. This was accompanied by growth in imports, in particular from Asia, essentially in small format products, where imports doubled over the first four months of the year. Despite difficulties in reliably measuring the evolution of consumption, estimates point to a drop in apparent consumption in Europe of around 2%.

In the US, apparent consumption of UWF paper fell by 1.8% up to May, with a very significant drop in imports, down by around 21%, as a result of anti-dumping measures imposed on Australian, Brazilian, Chinese, Indonesian and Portuguese manufacturers. The capacity utilization rate stood at 94%, one percentage point higher than in the previous year.

In this context, the Group recorded in the first half of 2016 its highest ever figure for the volume of paper sales, up by around 3% on 2015, on the strength of continued expansion into new



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geographical regions and improved penetration in the Middle East and Africa. This boosted sales on international markets to a new record level for the first half of the year.

As a result, the Group continued to operate, as usual, at 100% of its capacity, with order books at comfortable levels.

2.2 BEKP Pulp

After a sharp downturn in purchases of BEKP by Chinese buyers at the start of 2016, demand appears to have rallied in recent months. Purchases for the first five months were up overall by 5.4% over the same period in 2015 and the Chinese market accounted for 75% of this growth. Nonetheless, the global capacity utilization rate for BEKP dropped from 91% in 2015 to 88% in the first half of 2016 (up to May). As a result, the benchmark price in the industry opened the year at a high level but has since followed a downwards course, dropping around 13% in USD and 15% in EUR since the start of the year, although it is now thought to have reached its lowest point.

The Group's sales bucked this trend and totalled 130 thousand tons, 10% up on the same period in the previous year, thanks to the expansion of capacity in 2015. The Group maintained its position in the decorative and special papers segment, for which its market pulps are ideally suited.

2.3 Tissue

Over the first four months of the year, demand for tissue paper in Western Europe grew by around 4-5% in relation to the same period in 2015. Over the same period, output of tissue paper increased by approximately 3%.

The Group's tissue business grew by 22% in relation to the first half of 2015. Sales on the Portuguese market stood at around \in 21.3 million, accounting for 64% of total volume. Practically all the Group's other tissue sales were to Spain, totalling approximately \in 12 million. Sales of tissue paper in the first half of 2016 totalled \in 33.1 million.



Operating indicators

Pulp and paper

(in 000 tons)	Q1 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016
BEKP output	342.5	346.5	370.1	364.3	370.2	373.4
BEKP sales	57.3	61.0	66.6	67.7	64.6	65.1
UWF output	374.5	398.9	371.5	426.4	397.7	397.0
UWF sales	361.1	386.7	382.3	425.3	377.8	397.7
FOEX - BHKP Euros/ton	660	707	724	730	695	613
FOEX — A4- BCopy Euros/ton	814	814	826	832	836	830

Tissue

(in 000 tons)	Q2 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016
Reels Output	7.0	6.6	7.8	11.1	11.0	7.7
Output of finished goods	8.7	8.3	9.4	9.0	10.1	10.0
Sales of reels and goods	0.5	0.3	0.8	0.6	1.7	2.2
Sales of finished products	9.1	9.2	9.7	9.1	9.9	10.9

Energy

(in 000 tons)	Q2 2015	Q2 2015	Q3 2015	4Q2015	Q1 2016	Q2 2016
Output (GWh)	593.6	580.0	610.9	507.2	508.1	519.7
Sales (GWh)	518.3	505.5	523.3	413.4	389.5	385.8

3. STRATEGIC DEVELOPMENT

Over the course of the first half, the Group pressed ahead with developing the various opportunities for growth set out in its strategic plan. Investment totalled approximately \in 75.3 million, including \in 18.7 million in pulp, paper and tissue business, \in 4.0 million on the project in Mozambique, and \in 52.6 million on the pellets mill in the United States.

Tissue project

For the Cacia site, the Group has conditionally approved a project for a tissue production line, including conversion into final products, with rated annual production capacity of 70 thousand tons. This project is budgeted at \in 120 million and is expected to increase the Group's production capacity to 130,000 tons/year. This project is still on hold, pending the outcome of negotiations with AICEP on a range of tax and financial incentives.

Pellets

The Colombo Energy project for a new pellets mills in the US (in Greenwood, South Carolina) went into the commissioning phase starting 18 July and produced its first pellets on 21 July. Continuous operation is due to start up on 22 August.

This mill has involved investment of USD 119.4 million and currently employs a workforce of 56, expected to rise to 69 once the project hits cruising speed.

The company underwent external audits in June with a view to sustainability certification by SFI, SBP, PEFC (CoC) and FSC (CoC), and aims to obtain the respective certifications by the end of August. To complement this, it plans to obtain EN A1 Plus certification (for the European residential market) and PFI (for the US residential market), by the end of October.

Sales operations will start up in September, aiming at both the European and American markets, in the both the industrial and residential/domestic segments.



Mozambique

In relation to the agreement signed in December 2014 with International Finance Corporation (IFC) for subscription of a 20% stake in the capital of Portucel Moçambique, Navigator has confirmed that the institution will subscribe shares with an initial amount of approximately USD 5 million. IFC's confirmation of its intention to be Navigator's partner in its capital project in Mozambique is an important step forward in implementing the Group's international development plan and serves to endorse the merits of this operation.

At this moment, our project in Mozambique is essentially a forestry venture, with the option for a future industrial project involving construction of a large-scale pulp mill. It should be noted that Navigator is currently in the process of reviewing the pace of development for its Mozambican project. This has largely been prompted by recent social and political developments in the country (with significant negative factors emerging in the past six months), but also takes into account the demands of developing a large scale forestry operation in the country.

Planting work continued during the first half of 2016, using plants supplied by the Forestry Nurseries in Luá, the largest facility of its kind in Africa. A total of 3,500 hectares were planted in the reporting period.

As already stated, the political and economic situation in the country is unstable, which presents additional challenges, in terms of the safety of everyone involved and also the security of supplies of products, materials and services needed for the project. Pressure on the Metical has resulted in inflation, a problem which became serious in 2015 and continues to increase.

As a result of these developments, Navigator decided for the sake of prudence to reassess the value of its assets in Mozambique (recognising an impairment of 18 million euros, of which € 3.5 million affects EBITDA).



4. COST CUTTING MEASURES

M2 Programme

Over the course of the 2^{nd} quarter, the various action plans were monitored and updated in line with the organisational measures adopted. In line with the revised expectations, the programme currently estimates an impact on EBITDA in 2016 of more than \in 13 million. Examples of M2 projects include the new solar power facility at the Setúbal paper mill, the largest of its kind installed in an industrial setting, which started up on 21 June, with production capacity of 3,100 MWh/year. Its impact on EBITDA in 2016 is expected to stand at \in 130 thousand, rising to \in 320 thousand when the project reaches cruising speed. Another highly important MR project has been the removal of fibreboard from the pallets used for small formats, coordinated by the Marketing Department, with a positive impact in 2016 currently estimated at more than \in 500 thousand.

"Lean System" Programme

The Lean System pilot programme reaches the end of its first half-year cycle at the end of July, having implemented 13 projects to improve operational efficiency. Special attention should be drawn to the "Steam production levelling" project at the pulp mill on the Figueira da Foz site, which has already generated a saving of \in 200 thousand. A similar project at the Setúbal paper mill is seeking to reduce the length of the planned stoppages on paper machine 4. These are required every six weeks and the project has already succeeded in shaving 2 hours off the duration of the last stoppage, resulting in added production of approximately 150 tons of paper. If the same gain is achieved on subsequent stoppages, the estimated annual impact is \in 220 thousand.

The second quarter also saw the end of the first cycle of Lean Management training, in which several operational optimisation projects were presented by participants. These included a project in Cacia for optimisation of the bleaching plant, which resulted in an average daily increase of 70 tAD in April and May.

5. FINANCIAL

At the end of the first half, the Group's net debt stood at \in 793.2 million, up by \in 138.7 million from year-end 2015, reflecting capital expenditure of \in 75.3 million and payment of dividends of \in 170 million. Gross debt stood at \in 841.5 million, up by \in 114.3 in relation to the amount recorded at the end of the previous year.

The Net Debt/EBITDA ratio stood at 1.98 at the end of June, as compared with 1.68 at the end of 2015; this evolution was in line with expectations, considering the investment plan currently being implemented and the size of the dividends paid.

Over the past twelve months the Group has been negotiating a series of refinancing operations, which have resulted in substantial cuts in its borrowing costs and longer maturities. On 13 May 2016, Navigator repaid ahead of schedule the remainder outstanding of \in 150 million of Portucel Senior Notes 5.375% issue, maturing in 2020. At the same time, the company contracted fresh borrowing, in particular through a bond issue of \in 100 million, commercial paper of \in 70 million, both with a maturity of 5 years, and a loan of \in 25 million from the European Investment Bank, repayable in 2028. These new borrowing operation reflect current market conditions, which are more favourable than those prevailing when the company issued the bonds which it has now repaid. The repayment and refinancing of the bond issue will provide a saving, net of the redemption premium, of \in 16 million over the next four years. At the end of the first half, the average borrowing cost stood at approximately 1.8% and the average maturity at 4.8 years.

6. CAPITAL MARKETS

In the first half of 2016 the capital markets presented a degree of risk aversion and a high level of volatility. The markets reacted to a series of factors, ranging from the evolution of oil prices and fears prompted by the economic slowdown observed in Asian countries at the start of the year, to the announcement of indicators of poorer growth in certain European Union countries and concerns about the weakness of the banking sector. In late June, the result of the Brexit referendum set off a wave of turbulence, drastically increasing the sense of uncertainty as to the economic and financial outlook.



In this environment, it is no surprise that most of Europe's stock exchanges closed the first half with net losses. The largest losses were recorded in Portugal, where the PSI20 was down approximately 16% as a result of the downwards revision of growth forecasts for the Portuguese economy, questions about execution of the state budget and the possibility of the European Union applying penalties. Some of the same concerns were shared in relation to the Spanish economy, where the main share index, the IBEX 35, closed the first half with a loss of 15%. The surprise turned out to be the performance of the UK stock exchange, where the FTSE closed the period with a gain of 4.2%. On the other side of the Atlantic, shares performed more strongly, with both the US DJI and above all the Brazilian Bovespa index recording gains for the first half.

With a few exceptions, pulp and paper sector securities, especially those of pulp manufacturers, were badly hit during the first six months of the year. Brazilian and Iberian companies have seen their listed share prices drop more than 40% since the start of the year.

In this environment, the Navigator Company's shares ended the first half down 30%, recording their highest level on 4 January (3.59 €/share) and their lowest level on 27 June (2.498€/share). At the close of the period, the shares were being traded at close to their lowest level, at 2.514€ /share. One positive aspect which should be highlighted was the increased liquidity of the shares, with daily trading significantly higher than the average for 2015 (up 55%).

Once the change in the company's name was approved by the General Meeting, shares started to be traded with the new ticker - **NVG** - as from **28 April 2016**.

7. FUTURE PROSPECTS

The latest IMF projections have again downgraded expectations of global growth in 2016 and 2017. The world economy continues to grow, but expansion is slower, and dependent on stimulus policies implemented in developed countries. Factors contributing to uncertainty included the impact of the slowdown in China and other emerging countries in the world economy, the fragility of the banking system and the instability caused by the fall-out from the UK's referendum decision to leave the European Union. The combination of these economic concerns and a series of geopolitical risks could lead investors to postpone decisions, thereby undermining growth.



After the strong pressure on pulp prices in recent months, purchases of pulp appear to be picking up in China and other markets, and the spot price is thought to have reached its lowest point. The growing price differential between short fibre and long fibre pulp, once again close to 100 USD/ton, has led some buyers to buy BHKP pulp again instead of BSKP pulp. However, although the positive impact can still be felt from the planned production stoppages at a number of pulp mills in Brazil in June, supply is still forecast to grow significantly in 2016, 2017 and 2018, which may create renewed pressure in the market in the near future.

In the Iberian tissue market, the third quarter is traditionally the period when consumption is highest, especially in the away-from-home segment, due to the high season in the tourist activity and restaurant/catering industry. Tendencies in the wider economy in Portugal and Spain, and their impact on consumption, will be crucial to successful performance in this sector.

In terms of paper, the European market is expected to continue to benefit throughout 2016 from the recent reduction and conversion of capacity at a number of manufacturing facilities in Europe. However, the impact of the anti-dumping proceedings brought by the US authorities has continued to disrupt the balance of supply and demand in a number of geographical regions, with increased pressure in Asia, Latin America, the Middle East and Africa. Restrictions on the circulation of foreign currency and the depreciation of certain currencies in these regions have created additional difficulties. In Europe, the level of paper imports from the Asian markets has been increasing and has intensified the pressure of competition, bringing prices down across the market as a whole.

In addition, the second half of the year will be affected by the high level of uncertainty concerning the impact of Brexit. In addition to the immediate impact caused by the weakness of sterling, it is possible that further changes will emerge in the pattern of economic growth in Europe, with knock-on effects on employment and paper consumption. After a first half characterized by difficult market conditions for the pulp and paper industry, the second half is certain to bring a series of additional challenges for the market.

Setúbal, 26 July 2016



8. FINANCIAL STATEMENTS

Consolidated Income Statement

Amounts in Euro	6 Months 2016	6 Months 2015
Revenues	Unaudited	Unaudited
Sales	776 642 255	793,016,759
Services rendered	776,642,255 1,927,941	1,906,865
	1,927,941	1,900,003
Other operating income	404.000	00.400
Gains on the sale of non-current assets	424,963	68,100
Other operating income	17,295,688	11,057,484
Change in the fair value of biological assets	6,938,246	(341,896)
Change in the fair value of financial investments		
Costs	,	(()
Cost of inventories sold and consumed	(341,691,740)	(350,920,177)
Variation in production	2,269,842	14,090,213
Cost of materials and services consumed	(184,862,994)	(206,773,701)
Payroll costs	(74,412,043)	(70,310,382)
Other costs and losses	(9,257,594)	(7,289,788)
Provisions	(1,398,423)	5,990,714
Depreciation, amortization and impairment losses	(85,955,527)	(60,841,393)
Operational results	107,920,613	129,652,799
Group share of (loss) / gains of associated companies and JV	-	-
Net financial results	(13,462,204)	(17,847,353)
Profit before tax	94,458,409	111,805,446
Income tax	(9,209,390)	(11,348,845)
Net Income	85,249,019	100,456,600
Non-controlling interests	217,529	(2,962)
Net profit for the period	85,466,548	100,453,638

INTERIM RESULTS 1ST HALF OF **2016**

Consolidated Statement of Financial Position

Amounts in Euro	31-06-2016	31-06-2015	31-12-15
ASSETS	Unaudited	Unaudited	
Non-Current Assets			
Goodw ill	377,339,466	388,559,447	377,339,466
Other intangible assets	1,596,067	4,080,507	4,931,507
Fixed tangible assets	1,310,059,738	1,336,230,499	1,320,799,086
Investment in property	426,838	-	426,838
Biological assets	123,935,174	113,627,527	116,996,927
Financial assets available for sale	260,486	229,136	229,136
Investment in associates	-	-	-
Other assets	-	-	-
Deferred tax assets	48,347,010	46,155,823	50,934,325
	1,861,964,780	1,888,882,938	1,871,657,286
Current Assets			
Inventories	230,227,045	214,583,652	212,554,956
Receivable and other current assets	227,548,200	215,080,801	215,370,516
State and other public entities	57,743,142	90,355,545	57,642,795
Cash and cash equivalents	48,315,213	75,025,752	72,657,585
	563,833,599	595,045,749	558,225,851
Total Assets	2,425,798,380	2,483,928,687	2,429,883,137
EQUITY AND LIABILITIES			
Capital and Reserves			
Share capital	717,500,000	767,500,000	767,500,000
Treasury shares	(1,002,084)	(96,974,466)	(96,974,466)
Fair value reserves	(8,363,100)	(4,582,424)	(1,869,064)
Legal reserves	99,709,036	91,781,112	91,781,112
Translation reserves	8,775,656	2,285,061	5,688,140
Other Reserves	209,483,757	371,965,674	243,110,956
Net profit for the period	85,466,548	100,453,638	196,811,131
	1,111,569,812	1,232,428,595	1,206,047,809
Non-controlling interests	8,898,898	204,589	8,215,392
	1,120,468,710	1,232,633,184	1,214,263,201
Non-current liabilities			
Deferred taxes liabilities	84,562,108	104,093,801	88,296,253
Pensions and other post-employment benefits	227,192	-	
Provisions	55,252,727	41,139,941	59,205,593
Interest-bearing liabilities	794,917,840	590,216,938	686,570,753
Other non-current liabilities	37,406,083	36,339,867	38,538,726
Cutof field cuttoric liabilities	972,365,951	771,790,547	872,611,325
Current liabilities	372,000,301	771,730,047	072,011,020
Interest-bearing liabilities	46,564,884	43,385,986	40,578,590
Payables and other current liabilities	209,850,841	325,846,275	225,084,110
State and other public entities	76,547,994	110,272,697	77,345,911
	332,963,719	479,504,957	343,008,611
Total liabilities	1,305,329,670	1,251,295,504	1,215,619,936
Total equity and liabilities	2,425,798,380	2,483,928,687	2,429,883,137
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