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Secil

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Navigator

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Semapa Next

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ETSA

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Semapa

TRANSLATION FROM THE ORIGINAL TEXT IN PORTUGUESE



**RESULTS**  
PRESENTATION  
Q1 2022

# 1 HIGHLIGHTS

## SIGNIFICANT IMPROVEMENT IN EBITDA (+47 MILLION EUROS)

### CONSOLIDATED NET PROFIT GROWS 65% TO 42 MILLION EUROS

- The recent conflict in Ukraine, caused by the Russian invasion, linked to the effects of the trade and financial sanctions imposed on Russia, and the management of Covid 19 in China, have caused input prices to rise further, with emphasis on energy, and have disrupted the supply of raw materials or logistics chains at the international level. The Semapa Group is managing these unfavourable events with a strong commitment to increasing efficiency, boosting productivity, moderating the increase in variable costs by curbing specific consumption, and with continued efforts to control fixed costs.
- In the first quarter of 2022 the Semapa Group recorded consolidated **revenue** of 641.8 million euros (vs. 463.7 million euros in the 1st quarter of 2021 and 616.1 million euros in the 4th quarter). In the period, 492.2 million euros were generated in Pulp and Paper / Navigator, 137.1 million euros in Cement / Secil, and 12.6 million euros in Environment / ETSA. Exports and foreign sales for the same period amounted to 459.8 million euros, accounting for 71.6% of revenue.

Rising pulp prices, overall increase in energy, raw materials and logistics, as well as the imbalance between supply and demand, resulted in strong growth in the paper price index in Europe in the 1st quarter of 2022, driving growth in Navigator's revenue. In the Cement segment, revenue reflects mostly the good progress in Portugal and Brazil.

- **EBITDA** in the 1st quarter of 2022 totalled 154.7 million euros (vs. 107.5 million euros in the 1st quarter de 2021 and 143.9 million euros in the 4th quarter). In the period, 121.6 million euros were generated in Pulp and Paper, 29.1 million euros in Cement and 4.0 million euros in Environment. The consolidated EBITDA margin amounted to 24.1%, 0.9 p.p. higher than in the same period in 2021.

The increase in EBITDA was driven by growth in the Pulp and Paper segment, benefiting from efforts to improve efficiency and consumption and positive developments in paper selling prices on the international markets. The EBITDA of the Cement segment decreased slightly, mainly due to the negative effects of the increase in production costs, mainly energy costs and the decrease in the sale of surplus CO<sub>2</sub> emission licences.

- **Net profit attributable to Semapa shareholders** at the end of the 1st quarter of 2022 stood at 42.0 million euros (vs. 25.4 million euros in 2021). The increase in EBITDA (+47.2 million euros) and the improvement in financial results (7.7 million euros), although negatively impacted by the tax function (-26.7 million euros), resulted in the aforementioned increase in net profit.
- The value of **investments** in fixed assets in the first quarter of 2022 amounted to approximately 36.5 million euros, vs. 24.3 million euros year on year, with the Cement segment standing out with 20.3 million euros (10.2 million euros related to the CCL - Clean Cement Line project in the Outão cement plant).
- At the end of Q1 2022, consolidated **interest-bearing net debt** stood at 953.0 million euros, 62.6 million euros below that at the end of 2021. As at 31 March 2022, total consolidated cash amounted to 331.8 million euros, in addition the Group has 725.8 million euros in committed and undrawn credit lines, thus ensuring a strong liquidity position.

## LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	Q1 2022	Q1 2021	Var.	Q4 2021	Var.
<b>Revenue</b>	<b>641.8</b>	<b>463.7</b>	<b>38.4%</b>	<b>616.1</b>	<b>4.2%</b>
<b>EBITDA</b>	<b>154.7</b>	<b>107.5</b>	<b>44.0%</b>	<b>143.9</b>	<b>7.5%</b>
EBITDA margin (%)	24.1%	23.2%	0.9 p.p.	23.4%	0.7 p.p.
Depreciation, amortisation and impairment losses	(49.6)	(47.2)	-5.1%	(53.5)	7.2%
Provisions	0.2	(0.2)	167.7%	(2.6)	106.3%
<b>EBIT</b>	<b>105.3</b>	<b>60.0</b>	<b>75.4%</b>	<b>87.8</b>	<b>19.8%</b>
EBIT margin (%)	16.4%	12.9%	3.5 p.p.	14.3%	2.1 p.p.
Net financial results	(10.1)	(17.9)	43.3%	(13.1)	22.9%
Net monetary position	-	-	-	7.5	-100.0%
<b>Profit before taxes</b>	<b>95.1</b>	<b>42.1</b>	<b>125.9%</b>	<b>82.2</b>	<b>15.8%</b>
Income taxes	(37.7)	(11.0)	-241.2%	14.5	-359.7%
Net profit for the period	57.4	31.1	84.8%	96.7	-40.6%
<b>Attributable to Semapa shareholders</b>	<b>42.0</b>	<b>25.4</b>	<b>65.3%</b>	<b>75.9</b>	<b>-44.6%</b>
Attributable to non-controlling interests (NCI)	15.4	5.6	172.9%	20.8	-25.9%
Cash flow	106.9	78.5	36.1%	152.7	-30.0%
Free Cash Flow	67.2	67.4	-0.3%	79.4	-15.4%
	<b>31/03/2022</b>	<b>31/12/2021</b>	<b>Mar22 vs. Dec21</b>		
Equity (before NCI)	1,148.1	1,092.3	5.1%		
<b>Interest-bearing net debt</b>	<b>953.0</b>	<b>1,015.6</b>	<b>-6.2%</b>		
Lease liabilities (IFRS 16)	95.7	96.7	-1.1%		
<b>Total</b>	<b>1,048.7</b>	<b>1,112.3</b>	<b>-5.7%</b>		

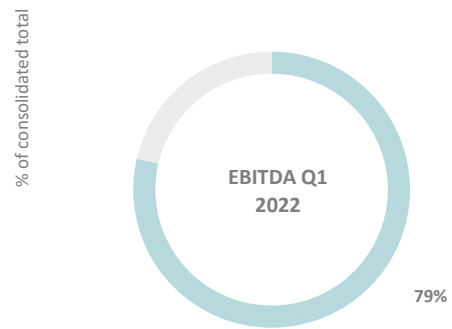
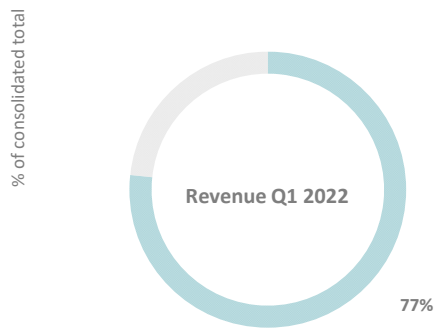
## 2 PERFORMANCE OF THE SEMAPA GROUP BUSINESS UNITS

### 2.1. BREAKDOWN BY BUSINESS SEGMENTS

IFRS - accrued amounts (million euros)	Pulp and Paper		Cement		Environment		Holdings		Consolidated Q1 2022
	Q1 2022	22/21	Q1 2022	22/21	Q1 2022	22/21	Q1 2022	22/21	
<b>Revenue - External</b>	<b>492.2</b>	44.5%	<b>137.1</b>	21.0%	<b>12.6</b>	29.8%	-	-	<b>641.8</b>
<b>Revenue</b>	<b>492.2</b>	44.4%	<b>137.1</b>	20.9%	<b>12.6</b>	29.8%	<b>(0.1)</b>	68.0%	<b>641.8</b>
<b>EBITDA</b>	<b>121.6</b>	72.3%	<b>29.1</b>	-12.7%	<b>4.0</b>	14.9%	<b>0.0</b>	-58.4%	<b>154.7</b>
EBITDA margin (%)	24.7%	4.0 p.p.	21.2%	-8.2 p.p.	31.5%	-4.1 p.p.	-	-	24.1%
Depreciation, amortisation and impairment losses	(36.0)	-5.4%	(12.7)	-4.4%	(0.8)	0.7%	(0.0)	19.3%	(49.6)
Provisions	-	100.0%	0.2	319.8%	-	-	-	-	0.2
<b>EBIT</b>	<b>85.6</b>	136.1%	<b>16.5</b>	-21.5%	<b>3.2</b>	19.7%	<b>(0.0)</b>	-134.9%	<b>105.3</b>
EBIT margin (%)	17.4%	6.7 p.p.	12.1%	-6.5 p.p.	25.1%	-2.1 p.p.	-	-	16.4%
Net financial results	(4.7)	51.7%	(4.3)	37.2%	(0.0)	23.4%	(1.1)	12.9%	(10.1)
<b>Profit before taxes</b>	<b>80.9</b>	204.9%	<b>12.2</b>	-14.0%	<b>3.1</b>	20.5%	<b>(1.1)</b>	9.7%	<b>95.1</b>
Income taxes	(33.0)	-472.1%	(3.7)	32.3%	(0.7)	-27.9%	(0.2)	-127.2%	(37.7)
Net profit for the period	47.8	130.6%	8.5	-2.5%	2.4	18.3%	(1.3)	-205.7%	57.4
<b>Attributable to Semapa shareholders</b>	<b>33.5</b>	130.6%	<b>7.5</b>	-19.7%	<b>2.4</b>	17.6%	<b>(1.3)</b>	-205.7%	<b>42.0</b>
Attributable to non-controlling interests (NCI)	14.4	130.6%	1.0	277.9%	0.0	>1000%	-	-	15.4
Cash flow	83.8	52.3%	21.1	0.4%	3.2	12.9%	(1.3)	-243.8%	106.9
Free Cash Flow	76.9	36.3%	(9.6)	-224.4%	2.7	118.4%	(2.8)	-237.9%	67.2
<b>Interest-bearing net debt</b>	<b>517.9</b>		<b>268.5</b>		<b>(11.0)</b>		<b>177.6</b>		<b>953.0</b>
Lease liabilities (IFRS 16)	52.2		41.7		1.5		0.3		95.7
<b>Total</b>	<b>570.1</b>		<b>310.1</b>		<b>(9.4)</b>		<b>177.8</b>		<b>1,048.7</b>

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

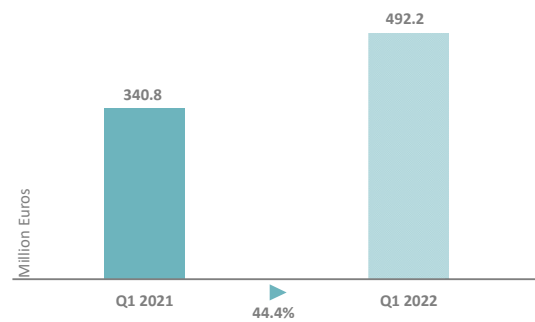
## 2.2. PULP AND PAPER BUSINESS UNIT



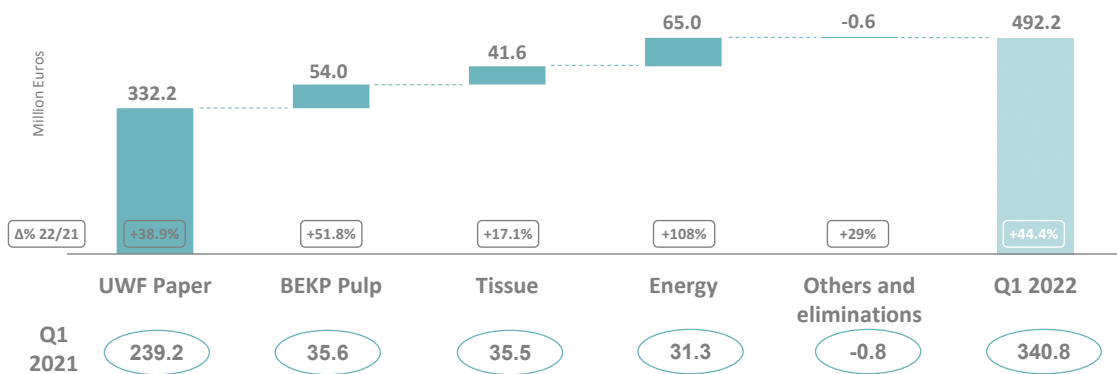
### HIGHLIGHTS IN 2022 (VS. 2021)

- Revenue totalled 492.2 million euros, driven by the favourable evolution of prices, up by 44.4% year on year and 3.4% vs. the previous quarter.

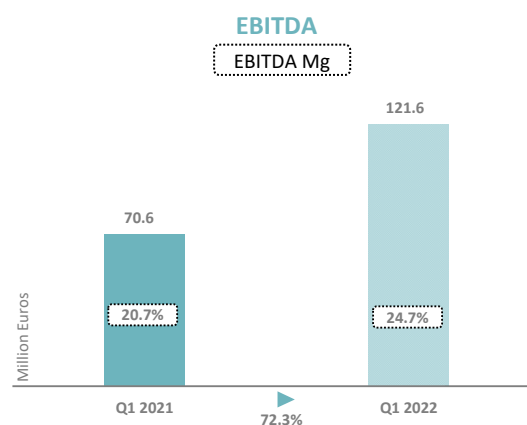
### REVENUE



### REVENUE BREAKDOWN BY SEGMENT



- EBITDA reached 121.6 million euros, 72.3% above EBITDA in Q1 2021. EBITDA margin went up from 20.7% in 2021 to 24.7% in 2022, benefiting from efforts to improve efficiency and consumption and a positive evolution in selling prices on the international markets.



## LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	Q1 2022	Q1 2021	Var.
<b>Revenue</b>	<b>492.2</b>	<b>340.8</b>	<b>44.4%</b>
<b>EBITDA</b>	<b>121.6</b>	<b>70.6</b>	<b>72.3%</b>
EBITDA margin (%)	24.7%	20.7%	4.0 p.p.
Depreciation, amortisation and impairment losses	(36.0)	(34.1)	-5.4%
Provisions	-	(0.2)	100.0%
<b>EBIT</b>	<b>85.6</b>	<b>36.2</b>	<b>136.1%</b>
EBIT margin (%)	17.4%	10.6%	6.7 p.p.
Net financial results	(4.7)	(9.7)	51.7%
<b>Profit before taxes</b>	<b>80.9</b>	<b>26.5</b>	<b>204.9%</b>
Income taxes	(33.0)	(5.8)	-472.1%
Net profit for the period	47.8	20.7	130.6%
<b>Attributable to Navigator shareholders</b>	<b>47.8</b>	<b>20.7</b>	<b>130.6%</b>
Attributable to non-controlling interests (NCI)	(0.0)	(0.0)	-44.6%
Cash flow	83.8	55.1	52.3%
Free Cash Flow	76.9	56.4	36.3%
	<b>31/03/2022</b>	<b>31/12/2021</b>	
Equity (before NCI)	845.3	814.5	
<b>Interest-bearing net debt</b>	<b>517.9</b>	<b>594.8</b>	
Lease liabilities (IFRS 16)	52.2	53.2	
<b>Total</b>	<b>570.1</b>	<b>648.0</b>	

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

## KEY OPERATING INDICATORS

in 1 000 t	Q1 2022	Q1 2021	Var.
<b>Pulp and Paper</b>			
FOEX – BHKP Usd/t	1,155	782	47.6%
FOEX – BHKP Eur/t	1,030	650	58.4%
BEKP Sales (pulp)	78	79	-1.3%
FOEX – A4- BCopy Eur/t	1,038	809	28.3%
UWF Sales (paper)	327	335	-2.6%
<b>Tissue</b>			
Total sales of tissue	25.8	26.9	-4.1%

## OVERVIEW OF PULP AND PAPER

In Q1 2022, Navigator revenue totalled 492.2 million euros, with paper sales accounting for around 67% of revenue (vs. 70% year on year), pulp sales 11% (vs. 10%), tissue sales 8% (vs. 10%), and energy sales around 13% (vs. 9%).

### Paper

Global demand for printing and writing papers rose by 0.6% (YTD February), with **UWF paper** recording growth of 0.7% and coated papers 4.5%, papers produced from mechanical pulp saw demand drop by -4.1%.

In Europe, apparent demand for UWF paper in the quarter evolved negatively by 6.8%. This fall in apparent demand results from the calculation model (based on deliveries from producers), which was greatly influenced by the supply constraints endured in Europe (-9% YoY, mainly following the closure of a plant in Scandinavia at the end of Q3 2021), in addition to the strike in the same region that began in January and the low level of imports as a result of the current logistical difficulties.

In the United States, demand for UWF paper held steady in the first quarter, and in other world regions growth in UWF demand was in the order of 2.1% (YTD February).

The benchmark index for office paper in Europe at the end of March stood at 1,104 €/t, a positive development compared to the beginning of the year (976 €/t).

In this context, Navigator has a strong order book, in line with the industry and reflecting the sharp drop in available supply in the main regions where it operates. Navigator's UWF sales totalled 327 thousand tonnes, down by -2.6% on the same period last year and by -17.2% compared to the last quarter, penalised by current logistical constraints and the need to replenish stocks. Revenue was boosted by the general rise in prices internationally, which Navigator followed, resulting in a growth of around 38.9% in relation to the same period in the previous year and a drop of 4.6% in relation to the last quarter. It should be noted that Navigator exported 93% of its UWF sales in the 1st quarter, with only 7% of its sales on the domestic market, where price increases were more contained.

The focus on the **packaging** segment continues to consolidate and both production and sales dynamic have continued according to plan. The PM1 and PM3 machines at the Setúbal mill ensure flexibility and complementarity in terms of the grammage ranges available from each machine.

In the 1st quarter, revenue amounted to 21 million euros for the packaging sector, circa half of the revenue achieved during 2021. Products are sold to manufacturers of bags and flexible packaging and also to producers of corrugated cardboard, especially in higher value-added niches (such as boxes for food use, or packaging, where printing and food contact certification, which recycled fibre is unable to offer, are valued).

Sales have also reflected the current healthy levels of demand, the warm reception given to Navigator's products, and efforts to develop the customer base and innovative products, dedicated at higher value-added applications and market niches.

The ambitious product development plan that began in 2020 will continue, either through the expansion of its grammages range whether by innovation and development of new sustainable packaging solutions to replace fossil/plastic-based products.

### Pulp

The quarter was marked by a significant increase in the **pulp** market reference prices. The hardwood pulp benchmark index in Europe - PIX BHKP in Euros - at the end of the quarter increased 6% compared to the beginning of the year, to 1,069 €/t, with a significant variation of about 58% in average prices in the first quarter of 2022 vs. the first quarter of 2021. The benchmark index in China for hardwood pulp grew strongly by 28% since the beginning of the year, ending the quarter at 737 USD/t.

The improvement in pulp prices in Europe was supported by several factors, including the increase in demand for pulp by the paper industry, the concentration of annual maintenance shut-downs in the 1st quarter (it is estimated that almost half of annual maintenance shut-downs on short fibre lines occurred in the 1st quarter), the Russian invasion of

Ukraine and the consequent embargo on wood imports from Russia which drastically reduced the supply of imported birch wood in Northern Europe (estimated to affect about 1 million tonnes of annual production of this type of pulp), the supply interruption of chemicals needed for pulp production and the drop in logistical services which created operational and logistical constraints to the production of market pulp largely for export to the Chinese market, exacerbated by the very tight "zero-covid" strategy in China.

At the beginning of 2022, Navigator's pulp stocks were relatively low, which combined with a higher integration in paper, reduced pulp volumes available for sale in the period. Sales thus stood at 78 thousand tonnes, which reflects a reduction of 1% compared to the same period of the previous year, and a reduction of 9% compared to the 4th quarter. The increase in pulp prices over the last 12 months made it possible to offset the decrease in volumes compared to the same period of the previous year, revenue recorded a positive variation of 52%, albeit 5% less when compared to the last quarter.

### **Tissue**

The sharp rise in the quarter in energy, logistics and commodity costs, particularly in the price of chemicals and pulp, put great pressure on **tissue** manufacturers' margins, with many of them announcing price increases. In this adverse context, Navigator anticipated the strong impact of rising costs, which will continue to be reflected, and kept pace with price increases in the sector. Despite rising prices, the unit margin of the tissue business suffered a significant reduction when compared with the same period of the previous year.

Tissue sales volume amounted to 26 thousand tonnes, a reduction of around 4% compared to the same quarter in the previous year and 6% compared to the previous quarter. The year-on-year drop is essentially due to a sharp deceleration in sales of reels, since the finished product segment registered growth (+5% compared to the 1st quarter of 2021 and relatively stable when compared to the last quarter), both domestically and in export markets. Price evolution boosted revenue, thus showing a growth of about 17% compared to the 1st quarter of 2021 and 7% compared to the previous quarter.

### **Energy**

As a result of the exceptional remuneration regime applicable to cogeneration activities for a maximum period of one year, Navigator's renewable cogeneration plants have been selling their electricity at market prices since January this year, which helped to make up, in part, for higher prices of electricity purchased in the component not yet set for the period. It should be noted that the price in the Iberian electricity market was very high, closing the quarter with an average price of 228.61 €/MWh, compared to the average price of 44.75 €/MWh recorded in the same period last year.

In this context, electrical **energy** sales totalled about 65 million euros in the first quarter of 2022, which represents an increase of 108% year on year.

### **Costs**

Production costs increased by about 39 million euros throughout the quarter, compared to the same period of the previous year, mainly due to the higher cost of wood, as a result of the wood mix, and also due to the higher cost of external fibres, energy and chemicals.

Navigator's focus on reducing specific consumption made it possible to mitigate the sharp rise in costs of raw and subsidiary materials in this quarter, thus contributing to the results.

There was also a significant increase in logistics costs, with a negative amount of 12 million euros; logistic constraints remain and are affecting the economy across the board.

The effect of the strong increase in energy costs, namely higher natural gas prices, was mitigated by the risk hedging policy with fixed-rate contracts for part of the 2022 purchases. The biomass boiler at Figueira da Foz started up in 2020, an investment which significantly reduced Navigator's dependence on natural gas.

The increase in personnel costs was in line with Navigator's performance in the quarter, which will reinforce the bonuses distribution to employees and step up the rejuvenation programme.



Total fixed costs were 22% above the same period of last year, mainly due to staff costs and higher running costs inherent to the activity increase after the pandemic.

In this context, efforts to increase efficiency and contain costs, as well as the favourable price trend, offset the strong increase in the input costs and fostered an **EBITDA** of 121.6 million euros in the quarter. EBITDA margin stood at 24.7% (+4.0 p.p. compared to the previous year). The net positive impact of the exchange rate on EBITDA of about 8 million euros is worth noting, with an average EUR/USD exchange rate of 1.12 in the quarter, which compares to 1.20 in the same period in the previous year.

The **financial results** amounted to -4.7 million euros (vs. -9.7 million euros), an improvement of 5.0 million euros, partly explained by the significant results in 2021 and which did not occur in 2022. Without these non-recurrent impacts, the financial results would have improved by 0.3 million euros, essentially as a result of the positive evolution of the costs of financing operations (-0.7 million euros) due mainly to less debt on average, compared to the same period in the previous year. In the opposite direction, and given the development in the financial markets, the interest earned shows a negative evolution (-0.2 million euros).

**Net income attributable to Navigator shareholders** in the first quarter of 2022 totalled 47.8 million euros (vs. 20.7 million euros in the same period in 2021). The effective tax rate is affected by additional income tax assessments of prior years that the company intends to contest.

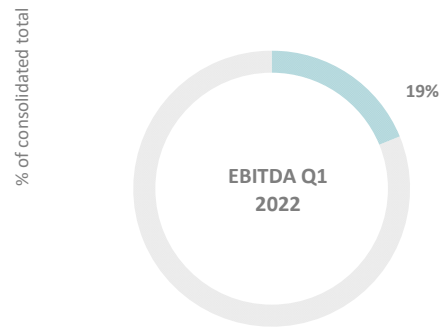
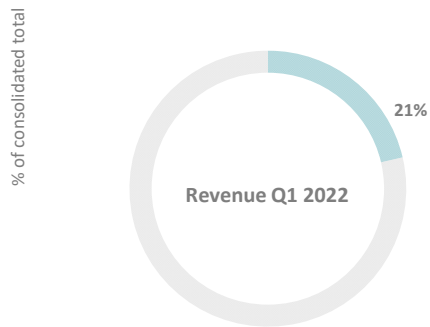
The free **cash flow** generation - 76.9 million euros - reflects the very favourable circumstances of operating performance, in particular with regard to sales and prices. Maintaining the amount invested in working capital at a low level also helped to generate more cash. There was a significant rise in some stocks in the quarter, as well as a significant increase in customer balances - paper and energy, in particular - in line with the strong expansion in revenue; on the other hand, a supplier management policy was implemented which, combined with the liquidity support solutions provided to Navigator's partners, helped to generate cash. This carefully judged intervention has made an important contribution to holding the Group's cash generation steady at the high levels recorded in previous periods.

The value of **investments** in fixed assets in the quarter amounted to approximately 14.7 million euros. This is mainly made up of investments aimed at maintaining production capacity, revamping equipment and achieving efficiency gains. It also includes structural and environmental and decarbonisation projects, some of which kicked off in 2020, such as the New Wood Yard in Figueira da Foz, the New Evaporation Line in Aveiro and the replacement of Fuel Oil Boilers.

Navigator's commitment to innovation and to developing projects for the promotion of resilience, climate transition and digital transition, places the company in a prime position for investment under the Recovery and Resilience Plan (RRP). Navigator has submitted applications that are in line with its strategy which, in the case of the Mobilisation Agendas, have passed on to the next phase and were submitted in early April 2022, as programmed.

It should be noted that all paper produced by Navigator is sustainable, environmentally responsible and biodegradable, obtained from a renewable natural resource, planted specifically for this purpose and made from virgin eucalyptus fibre that is certified under the FSC® (Forest Stewardship Council).

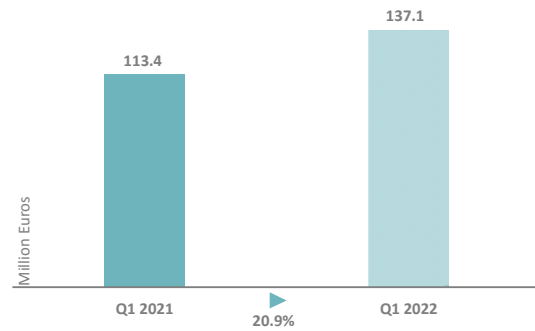
## 2.3. CEMENT AND OTHER BUILDING MATERIALS BUSINESS UNIT



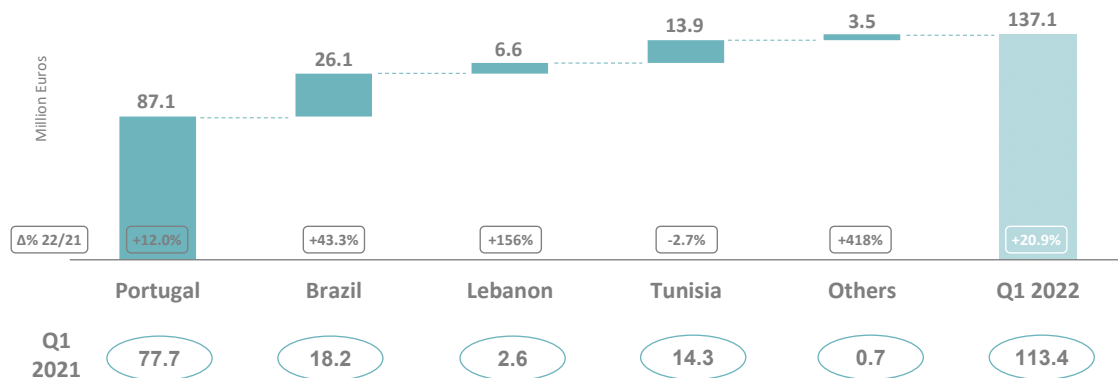
### HIGHLIGHTS IN 2022 (VS. 2021)

- In 2022, Secil's accumulated revenue amounted to 137.1 million euros, 20.9% more than that in 2021, which translated into a 23.7 million euro increase.
- This increase is essentially the result of positive developments in Portugal and Brazil. The positive evolution in Lebanon is the result of the hyperinflation experienced by the country since the market decreased in comparison with the same period of the previous year. The exchange variation of the currencies of the different countries (excluding Lebanon) had a positive effect of about 3.8 million euros on Secil's revenue in the first quarter.

### REVENUE

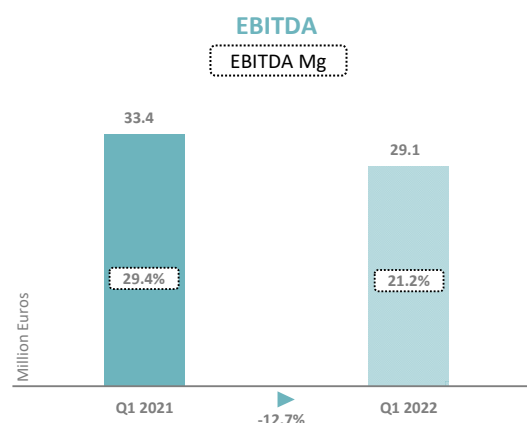


### REVENUE BREAKDOWN BY COUNTRY

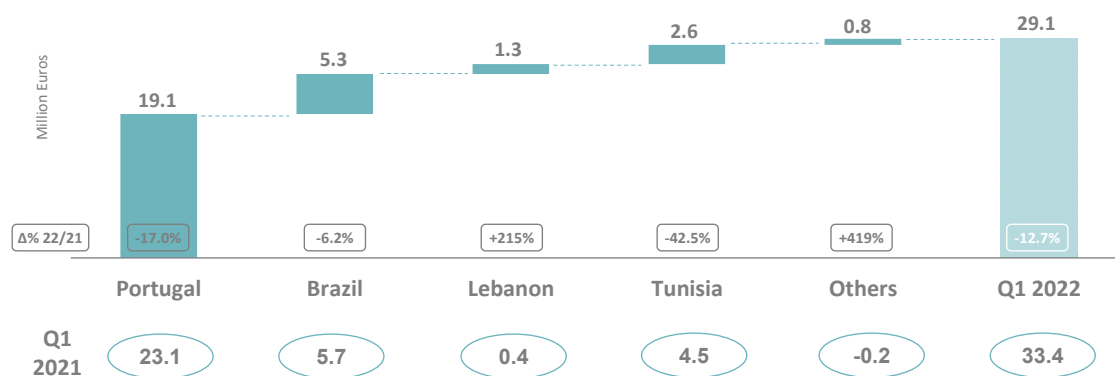


Note: Other includes Angola, Trading, Other and Eliminations.

- EBITDA stood at 29.1 million euros, down by 4.2 million euros year on year.
- This reflects the negative effects caused by the increase in production costs, especially energy, as a result of the sharp rise in fuel prices and the inflationary trend seen generally in all economies as a result of the global health crisis and, more recently, the war in Ukraine.



### EBITDA BREAKDOWN BY COUNTRY



Note: Other includes Angola, Trading, Other and Eliminations.

Secil's **net financial results** improved year on year, from -6.9 million euros to -4.3 million euros. This positive differential of 2.6 million euros is essentially the result of the combined effects of an increase in the net cost of financing and a decrease in exchange rate differences, mostly from Lebanon and Angola. The increase in the net cost of financing results mainly from the higher interest rates in Brazil.

**Net income attributable to Secil shareholders** at the end of Q1 2022 totalled 7.5 million euros vis-à-vis 9.3 million euros over the same period of the previous year.

In the 1st quarter of 2022, Secil **invested** 20.3 million euros in fixed assets (vs. 3.5 million euros in the same period of 2021). The investment in the Clean Cement Line project amounting to 10.2 million euros is worthy of note.

## LEADING BUSINESS INDICATORS

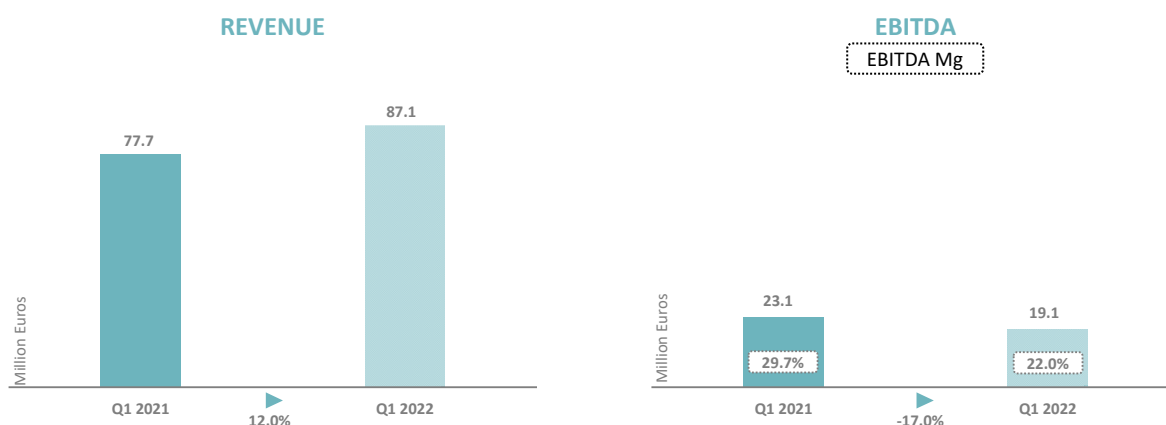
IFRS - accrued amounts (million euros)	Q1 2022	Q1 2021	Var.
<b>Revenue</b>	<b>137.1</b>	<b>113.4</b>	<b>20.9%</b>
<b>EBITDA</b>	<b>29.1</b>	<b>33.4</b>	<b>-12.7%</b>
EBITDA margin (%)	21.2%	29.4%	-8.2 p.p.
Depreciation, amortisation and impairment losses	(12.7)	(12.2)	-4.4%
Provisions	0.2	(0.1)	319.8%
<b>EBIT</b>	<b>16.5</b>	<b>21.1</b>	<b>-21.5%</b>
EBIT margin (%)	12.1%	18.6%	-6.5 p.p.
Net financial results	(4.3)	(6.9)	37.2%
<b>Profit before taxes</b>	<b>12.2</b>	<b>14.2</b>	<b>-14.0%</b>
Income taxes	(3.7)	(5.5)	32.3%
Net profit for the period	8.5	8.7	-2.5%
<b>Attributable to Secil shareholders</b>	<b>7.5</b>	<b>9.3</b>	<b>-19.7%</b>
Attributable to non-controlling interests (NCI)	1.0	(0.6)	277.8%
Cash flow	21.1	21.0	0.4%
Free Cash Flow	(9.6)	7.7	-224.4%
	<b>31/03/2022</b>	<b>31/12/2021</b>	
Equity (before NCI)	404.2	371.4	
<b>Interest-bearing net debt</b>	<b>268.5</b>	<b>253.9</b>	
Lease liabilities (IFRS 16)	41.7	41.6	
<b>Total</b>	<b>310.1</b>	<b>295.5</b>	

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

## KEY OPERATING INDICATORS

in 1 000 t	Q1 2022	Q1 2021	Var.
<b>Annual cement production capacity</b>	<b>9,750</b>	<b>9,750</b>	<b>0.0%</b>
<b>Production</b>			
Clinker	969	1,009	-4.0%
Cement	1,276	1,222	4.4%
<b>Sales</b>			
<b>Cement and Clinker</b>			
Grey cement	1,299	1,222	6.3%
White cement	22	26	-15.9%
Clinker	26	25	2.9%
<b>Other Building Materials</b>			
Aggregates	1,213	1,169	3.8%
Mortars	66	65	1.9%
<b>in 1 000 m3</b>			
Ready-mix	493	448	9.9%

## PORTUGAL



In **Portugal**, the construction production index grew 6.6% in February year on year, after having risen 3.4% in the previous month (*Síntese Económica de Conjuntura* - March 2022, INE), with an increase in the positive contribution of the construction component to the GFCF indicator. Cement consumption in Portugal in Q1 of 2022 is estimated to have grown, in accumulated terms, about 11% year on year.

In the first quarter of 2022 **revenue** of combined operations in Portugal stood at 87.1 million euros, 12.0% up in relation to the same period in the previous year.

Revenue in the Cement business unit in Portugal grew 18.5% (+7.9 million euros) from the same period in the previous year, due to the combined effect of higher volumes sold, specially to the domestic market, and the increase in respective average selling prices.

Domestic revenue was up by 17.1% against the first quarter of 2021, as a result of larger volumes sold, driven by more cement consumption.

Export revenue, including Secil's terminals, also showed an improvement compared to the same period in the previous year, growing around 15.7% as a result of the combined effect of more volumes exported at a higher price, except clinker which was sold at a price substantially lower than in the 1st quarter of 2021.

In the other business segments with operations based in Portugal (Ready-mix concrete, Aggregates and Mortars), revenue amounted to 39.7 million euros in the first quarter of 2022, up by 8.2% year on year.

This growth occurred in all areas of building materials, benefiting from greater building dynamics, although it was higher in the Ready-mix concrete business unit, which recorded +10.0% more in sales volume, albeit with lower price increase.

The **EBITDA** of the activities in Portugal amounted to 19.1 million euros, representing a decrease of 17.0% compared to the same period in 2021.

The EBITDA of the Cement business unit was lower than that of the same period last year by 1.9 million euros (-7.9%), negatively impacted by the decrease in the sale of surplus CO<sub>2</sub> emission licences, which represented a reduction of 2.9 million euros, and the increase in thermal energy costs, as a consequence of higher international fuel prices. The increase in volumes sold, and higher average prices, both in the domestic and foreign markets, should be positively highlighted.

EBITDA of building materials business units overall was down by 1.2 million euros (-28.9%). Despite the positive evolution in volumes sold in the Ready-mix concrete segment, the rise in variable production costs contributed to the poor performance of this segment, which ended the quarter with a negative EBITDA of 376 thousand euros. On the other hand, the Aggregates segment performed quite well (approximately 14% growth), while the Mortars segment grew more modestly (+1.8%). It should also be noted that Secil sold in the last quarter of 2021 its Precast business, whose EBITDA in the 1st quarter of 2021 was 171 thousand euros.

## BRAZIL



Note: Average exchange rate EUR-BRL 2021 = 6.6021 / Average exchange rate EUR-BRL 2022 = 5.8715

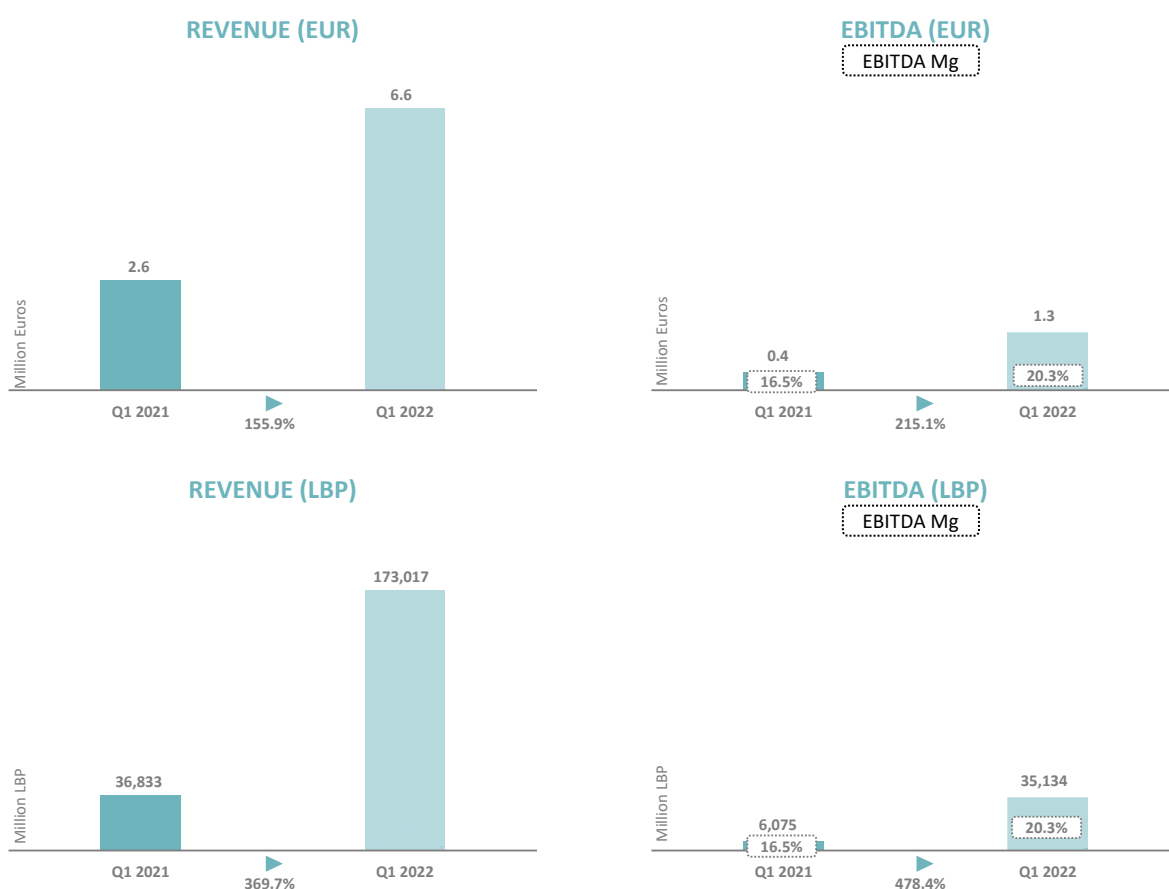
According to SNIC estimates (Preliminary results March 2022) cement sales by local producers in **Brazil** dropped 2.4% in the 1st quarter compared to the same quarter of the previous year, severely impacted by the heavy rains that hit the South-East region in January. Higher interest rates and inflation, as well as the environment of global geopolitical instability also contributed negatively. Annual growth in cement demand is expected to be virtually nil, interrupting three consecutive years of growth. The main driver of cement consumption continues to be real estate construction, combined with the trend to have less new projects being launched.

**Revenue** of combined operations in the country stood at 26.1 million euros in the first quarter of 2022, 43.3% up year on year. The effect of the exchange rate appreciation of the Brazilian real against the Euro had a positive effect of about 2.9 million euros on revenue.

Cement sales volume grew in comparison with the same period of the previous year, with a rise in average sales prices.

The **EBITDA** of activities in Brazil totalled 5.3 million euros, which compares with 5.7 million euros recorded year on year (i.e., 6.2% decrease). Excluding the favourable exchange rate effect (+0.6 million euros), EBITDA would have decreased by 17%, reflecting the negative impact of higher variable production costs, energy in particular.

## LEBANON



Note: Average exchange rate EUR-LBP 2021 = 14,363.1 / Average exchange rate EUR-LBP 2022 = 26,364.9

**Lebanon** is plunged into a serious economic-financial and social crisis. Despite the efforts made by political forces to stabilise the situation, the Covid-19 pandemic and, more recently, the conflict in Ukraine aggravated the situation further. In addition, the constant power cuts from the last quarter of 2021 onwards negatively impacted Secil's operations in the country.

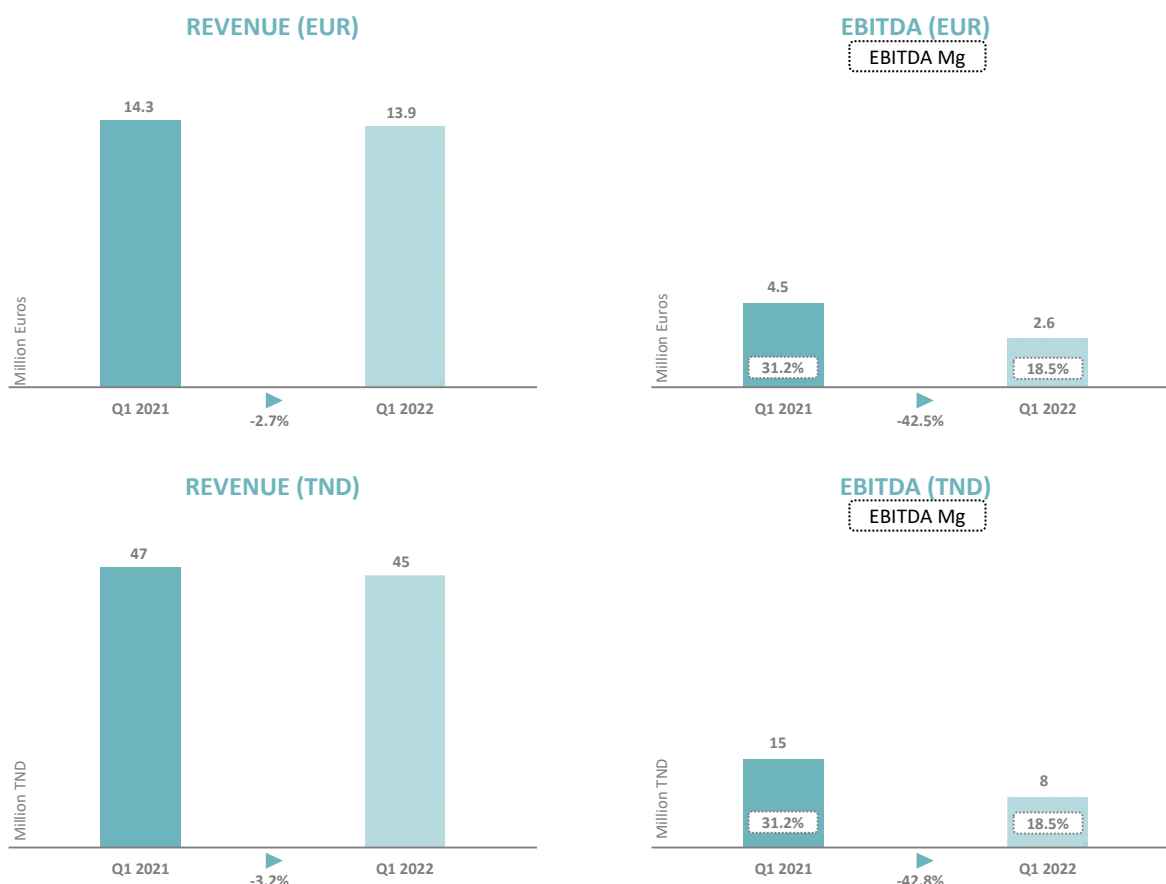
Despite the context, **revenue** of combined operations in Lebanon increased by 155.9%, compared to the same period in 2021, rising from 2.6 million euros to 6.6 million euros. This growth results from the adjustment of sales prices in local currency to the hyperinflation situation and the rapid depreciation of the currency. It should be noted that the Lebanese pound ended Q1 2022 at 23,504 LBP per 1 USD, which compares with 11,969 LBP per 1 USD at the end of the first quarter of 2021.

Cement and clinker volumes sold to the domestic market decreased 17.2% compared to the same period last year. Revenue grew 147.6%, despite the high exchange rate depreciation of the Lebanese pound, which was more than compensated by the price increase in local currency.

In the Ready-mix concrete segment, revenue also grew in comparison with the same period of the previous year (+288.2%), as a result of the increase in volumes sold (+32.3%), but above all as a result of the increase in the average sale price, due to the hyperinflation context.

**EBITDA** generated from operations in Lebanon stood at 1.3 million euros, up by 215% compared to the same period in the previous year. This is mainly due to the increase in sales prices, the cost containment measures implemented, which more than offset the effect of the exchange rate depreciation of the Lebanese pound and the increase in input costs, namely energy costs.

## TUNISIA



Note: Average exchange rate EUR-TND 2021 = 3.2797 / Average exchange rate EUR-TND 2022 = 3.2625

**Tunisia** is still facing significant challenges, including high foreign and fiscal deficits, increasing debt and insufficient growth to reduce unemployment. Some social unrest and pressure from union claims continue. The government deficit is reflected in fewer public works and the real estate sector faces challenges due to difficulties in obtaining funding (in connection with the fragility of the banking sector), which impacts construction output. The side effects of the war in Ukraine and the recent dissolution of parliament by the president made the situation worse.

In this difficult context, the domestic cement market is expected to have decreased by around 17% in comparison with the same period of 2021 and is still subject to strong competition due to excess installed capacity.

In the 1st quarter of 2022, **revenue** of the operations carried out in Tunisia showed a negative variation of 2.7% compared with the same period of the previous year, totalling 13.9 million euros, with the exchange rate impact being practically zero.

Revenue of the Cement business decreased around 3.0% to 13.0 million euros, reflecting particularly the reduction in cement sales in the domestic market (-8.2%), combined with a modest increase in prices. On the other hand, the increase in cement and clinker exports (+14.6%), and a positive development in the average sale price, made it possible to mitigate greater losses.

In line with the cement business, Ready-mix concrete business revenue also showed a decrease of 4.3% compared to the same period last year, as a result of the reduction in volumes sold (-7.1%), combined with an increase in the sale price.

Consequently, **EBITDA** from operations in Tunisia amounted to 2.6 million euros, i.e. 42.5% below the figure in the same period of 2021 (4.5 million euros).



## ANGOLA AND OTHERS

The impact of the lockdown measures adopted to contain the spread of the coronavirus contributed to the worsening of the economic situation which has been recovering in recent months, due to the increase in oil price since the sharp drop in April 2020.

Public debt has fallen to levels below 100 percent of GDP, according to the Finance Ministry, largely due to the appreciation of the kwanza of 23 percent against the dollar in the first quarter of the year alone, but also due to the support from the IMF, which lent 4.7 billion USD (4.26 billion euros), the biggest financial adjustment programme on the entire African continent.

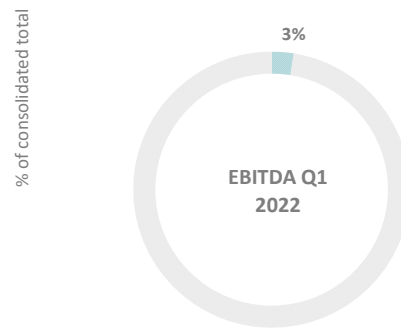
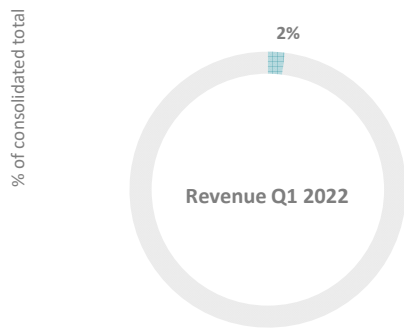
Available data points out to a positive variation of 34% of the Angolan cement market compared to the 1st quarter of 2021.

Cement volumes sold by Secil more than doubled in relation to the same period of the previous year, having grown by 103%. In a context of strong inflation, Secil Lobito has been implementing a strict price policy that can help it tackle significant increase in costs, either expressed in the national currency and those arising from the necessary imports.

Consequently, **revenue** totalled 2.9 million euros, i.e., 246.3% above that in the same period of the previous year and was positively affected by the average appreciation of the kwanza, with a positive effect of 816 thousand euros. Excluding the exchange rate effect, revenue would have been higher by 149%.

**EBITDA** in the first quarter of 2022 amounted to a positive figure of 611 thousand euros, which compares with the negative 65 thousand euros recorded over the same period in the previous year is a significant improvement.

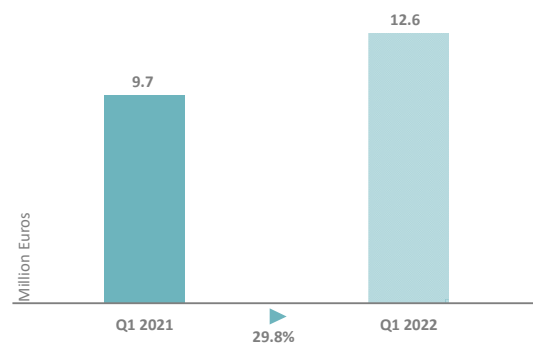
## 2.4. ENVIRONMENT BUSINESS UNIT



### HIGHLIGHTS IN 2022 (VS. 2021)

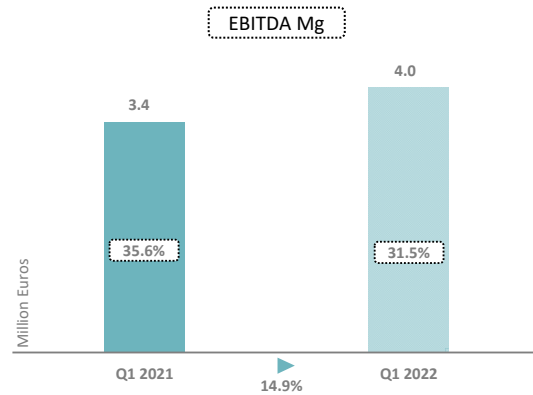
- ETSA recorded revenue of approximately 12.6 million euros in the first quarter of 2022, which represented an increase of approximately 29.8% year on year.

#### REVENUE



- EBITDA for ETSA totalled approximately 4.0 million euros in the first quarter of 2022, representing a growth of about 14.9% in comparison with the same period of the previous year, essentially due to higher revenue.

#### EBITDA



## LEADING BUSINESS INDICATORS

IFRS - accrued amounts (million euros)	Q1 2022	Q1 2021	Var.
<b>Revenue</b>	<b>12.6</b>	<b>9.7</b>	<b>29.8%</b>
<b>EBITDA</b>	<b>4.0</b>	<b>3.4</b>	<b>14.9%</b>
EBITDA margin (%)	31.5%	35.6%	-4.1 p.p.
Depreciation, amortisation and impairment losses	(0.8)	(0.8)	0.7%
Provisions	-	-	-
<b>EBIT</b>	<b>3.2</b>	<b>2.6</b>	<b>19.7%</b>
EBIT margin (%)	25.1%	27.2%	-2.1 p.p.
Net financial results	(0.0)	(0.0)	23.4%
<b>Profit before taxes</b>	<b>3.1</b>	<b>2.6</b>	<b>20.5%</b>
Income taxes	(0.7)	(0.6)	-27.9%
Net profit for the period	2.4	2.0	18.3%
<b>Attributable to ETSA shareholders</b>	<b>2.4</b>	<b>2.0</b>	<b>17.6%</b>
Attributable to non-controlling interests (NCI)	0.0	-	-
Cash flow	3.2	2.8	12.9%
Free Cash Flow	2.7	1.2	118.4%
	<b>31/03/2022</b>	<b>31/12/2021</b>	
Equity (before NCI)	89.0	86.6	
<b>Interest-bearing net debt</b>	<b>(11.0)</b>	<b>(8.2)</b>	
Lease liabilities (IFRS 16)	1.5	1.6	
<b>Total</b>	<b>(9.4)</b>	<b>(6.6)</b>	

Note: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments.

## ENVIRONMENT - ACTIVITY OVERVIEW

ETSA recorded **revenue** of approximately 12.6 million euros in the first quarter of 2022, which represented an increase of about 29.8% compared to the same period of the previous year.

This variation results from a 53.1% increase in the value of sales compared to the same period last year, stemming essentially from the increase in the value of sales of class 3 fat and meal, but also from the increase in the value of sales of used cooking oils and the value of sales at Tribérica, held by 70% since 1 September 2021.

Services rendered remained at similar levels as in the same period of the previous year, with a slight increase of 0.1% resulting from a mix of variations in different types of services rendered by ETSA.

**EBITDA** totalled approximately 4.0 million euros in the first quarter of 2022, representing a growth of about 14.9% in comparison with the same period of the previous year, essentially due to higher revenue.

EBITDA margin stood at 31.5%, down by around 4.1 p.p. compared to the margin for the same period of 2021.

Financial results improved by about 23.4% in relation to the same period of the previous year, mostly due to the reduction in average gross debt.

The combined impact of these factors resulted in a Net Profit attributable to ETSA shareholders for the first quarter of 2022 of approximately 2.4 million euros, up by around 17.6% compared to the first quarter in the previous year.

ETSA recorded an investment in fixed assets of 1.4 million euros in the first quarter of 2022.

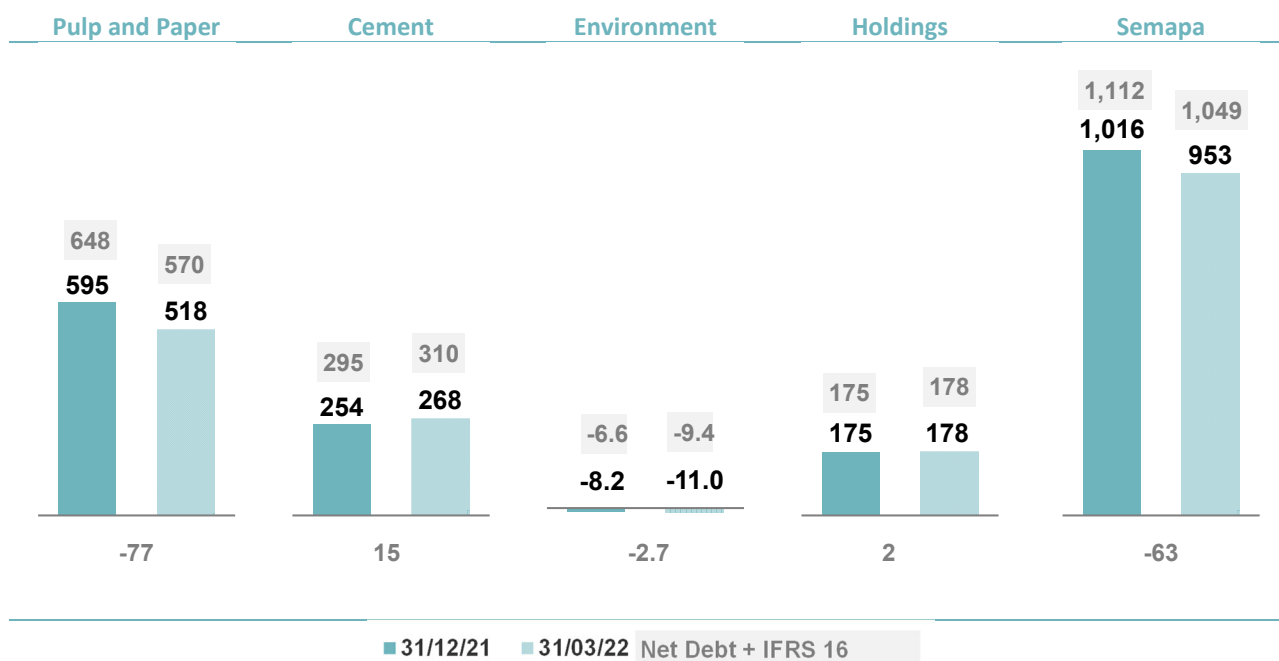
## 2.5. VENTURE CAPITAL BUSINESS UNIT

In the 1st quarter of 2022, we highlight the investment made in Defined AI. After the initial investment in the summer of 2020, Semapa Next led a new round for Defined AI, a Portuguese technology company whose platform provides data to train and validate artificial intelligence models. In addition to the investments made, Semapa Next continued to analyse various investment opportunities in technology companies that are in Series A and Series B stages.

## 3 SEMAPA GROUP – FINANCIAL AREA

### 3.1. INDEBTNESS

#### NET DEBT



On 31 March 2022, **consolidated net debt** stood at 953.0 million euros, representing a reduction of around 62.6 million euros over the figure ascertained at the close of 2021. Including the effect of IFRS 16, net debt would have been 1,048.7 million euros, 63.6 million euros below the figure at the end of 2021. Besides the operating cash flow generated, these variations are explained by:

- Pulp and paper: -76.9 million euros, including investments in fixed assets of around 14.7 million euros;
- Cement: +14.6 million euros, including investments of about 20.3 million euros in fixed assets and the negative impact of the appreciation of the Brazilian real on the net debt of the Brazil geography (6.1 million euros);
- Environment: -2.7 million euros, despite the difficulty in collecting the amounts billed to the Government; and,
- Holdings: +2.4 million euros;

As at 31 March 2022, total consolidated cash amounted to 331.8 million euros, in addition the Group has 725.8 million euros in committed and undrawn credit lines, thus ensuring a strong liquidity position.

### 3.2. FINANCIAL RESULTS

In the first quarter of 2022 **financial results** amounted to a negative figure of 10.1 million euros, an improvement of 43.3% million euros in relation to the figure recorded in the same period in the previous year.

The following factors contributed to the variation in financial results:

- The unfavourable exchange rate differences recorded a positive variation due mainly to a decrease in exchange differences, mostly from Lebanon and Angola;
- Absence in 2022 of significant costs incurred in 2021.

### 3.3. NET PROFIT

**Net profit attributable to Semapa shareholders** was 42.0 million euros, which represents an increase of 16.6 million euros compared to the same period of the previous year, due essentially to the combined effect of the following factors:

- 47.2 million euros increase in EBITDA, mainly due to the increase of 51.0 million euros in the Pulp and Paper segment;
- A small increase of 2.4 million euros in depreciation, amortisation and impairment losses;
- Improvement in net financial results by about 7.7 million euros, reflecting, in particular, Secil's less negative exchange rate effects (Lebanon and Angola);
- 26.7 million euros increase in income tax, resulting not only from the increase in profits but also from additional income tax assessments in previous years in the Navigator subsidiary, which the company intends to contest.

## 4 OUTLOOK

The increase in prices on inputs for production since mid-2021, especially energy prices, and the rupture in the supply of raw materials or international logistical chains, result in higher and broader inflation than initially forecasted, limiting the pace of economic recovery. The recent conflict in Ukraine caused by the Russian invasion, coupled with the effects of trade and financial sanctions imposed on Russia, and the management of Covid 19 in China, have made the situation worse. The Semapa Group is currently implementing supply management and production cost measures in order to mitigate potential impacts.

In the latest World Economic Outlook (WEO) released in April 2022, the IMF forecasts a real increase in global GDP of 3.6% in 2022 and in 2023 (figures revised downwards by 0.8 p.p. for 2022 and by 0.2 p.p. for 2023 compared to the January 2022 World Economic Outlook update). The IMF estimates that the GDP for the Euro Area will increase by 2.8% in 2022 (downward revision of 1.1 p.p. compared to the January WEO update) and will increase by 2.3% in 2023 (downward revision of 0.2 p.p.).

The IMF expects real GDP for Portugal to grow 4.0% in 2022 (downward revision of 1.1 p.p. compared to figures in the WEO's October forecasts) and 2.1% in 2023. Inflation estimates stand at 4.0% for 2022 and 1.5% for 2023.

The Bank of Portugal (Projections for the Portuguese economy – March 2021) estimates that Portuguese economic growth in 2022 will be 4.9%, converging in the following years to projected long-term growth rates: 2.9% in 2023 and 2.0% in 2024. Inflation estimates stand at 4.0% for 2022 and 1.6% for 2023 and 2024.

### PULP AND PAPER

In this context, although the industry is starting the second quarter with high levels of orders, there is a great deal of uncertainty concerning operations (logistical difficulties in dispatching products and securing raw material supplies). Also of note is the pressure on costs and availability of logistical means intensified by China's zero-covid policy, which is limiting port operations, increasing delivery times and retaining/ immobilising equipment.

Cost trends continue to be one of Navigator's main concerns. In the 1st quarter, Navigator still benefited from contracts in which prices were fixed in 2021, and therefore inflationary pressures will go on being felt in the Company's business. There is a continued focus on protecting paper and tissue margins, with the needed prudence to ensure costs are passed on through sales channels whilst keeping products affordable for customers.

Navigator continues to focus on the efficiency of its operations, managing its fixed and variable costs across the board, and increasing productivity, while striving for sustainability in its operations.

### CEMENT AND OTHER BUILDING MATERIALS

Secil is assessing potential investment opportunities, with emphasis on the decarbonisation of its industrial processes and R&D in products and solutions in the sectors in which it operates, against the backdrop of the Recovery and Resilience Plan (RRP). The execution of the RRP is expected to contribute positively to the economic recovery in Portugal.

Secil expects to conclude the investment in the CCL (Clean Cement Line) project at the Outão plant by the end of 2022, taking on a vanguard role in combining a set of mature and innovative technologies. The project will enable a 20% reduction in CO<sub>2</sub> emissions, a 20% improvement in energy efficiency and the production of 30% of electricity through heat recovery from the process itself. The low carbon clinker resulting from this process will enable the company to respond competitively to requests for green procurement on the market.

The IMF WEO released in April 2022, forecasts a recovery of the Brazilian economy of 0.8 in 2022 (+0.5 p.p. compared to the forecasts in the January WEO update) and 1.4% for 2023.

Projected levels of inflation are 8.2% in 2022, decreasing to 5.1% in 2023. Higher inflation and, particularly, rising interest rates may affect the course of real estate financing and the respective investments, which may be offset by planned public investment in infrastructure.

In Lebanon, the political and economic environment has faced much uncertainty since the last quarter of 2019, leaving the country plunged into a serious economic and social crisis. The measures implemented to contain the pandemic

brought the country to almost a complete halt, and afterwards the explosion in the Beirut port only made matters worse.

Displaying one of the World's highest foreign debts, the country announced in March 2020 its first default after several months of declining foreign currency reserves and strong depreciation of the Lebanese pound in the parallel market. In the April 2022 WEO, the IMF continues to not provide any estimates due to the high level of uncertainty.

With regard to Tunisia, the most recent forecasts published by the IMF (April 2022 WEO) highlight a 2.2% GDP growth in 2022, with inflation standing at 7.7%. Projections for 2023-2027 are not made public, because technical discussions on a potential support programme are taking place.

Tunisia already found itself in financial hardship and social instability due to the pandemic, and greater political instability in July 2021 after the government resigned has increased uncertainty as to the country's progress. The appointment of a new government in October 2021 offered hope, but the side effects of the Ukraine war and the president's recent dissolution of parliament have added to the climate of uncertainty.

Meanwhile, faced with the risk of default, the country resumed negotiations with the International Monetary Fund, which laid down a set of measures and reforms needed to restore macroeconomic stability, as well as to improve the efficiency of state-owned companies and strengthen the competitiveness of the Tunisian economy.

The outlook for Angola (April 2022 WEO) hints at a 3.0% recovery in 2022, followed by 3.3% growth in 2023. Inflation expectations for 2022 and 2023 are 23.9% and 13.2%, respectively.

## ENVIRONMENT

In the current macroeconomic framework, increases in several production inputs are already in place, in particular in the cost of energy, namely electricity, thermal and fossil fuel costs.

Concerning the traditional business of ETSA, the following is worth noting: the continuous commitment to the horizontal expansion of its production and destination markets (with exports accounting for around 56.8% of total sales on 31 March 2022), identifying new opportunities for vertical growth, channelling its investments to improving operational efficiency, extracting maximum value from the channels operated and retaining the loyalty of the main conventional and alternative collection centres, and focusing on sustained innovation and research and development addressed at ensuring new profit thresholds for the business.

## VENTURE CAPITAL

Semapa Next will continue to monitor its portfolio and will actively participate in national and international events in order to find future investment opportunities in technology companies, build and cement institutional relationships with investors and monitor new market trends.

Lisbon, 26 May 2022

The Board

## FINANCIAL TIMETABLE

Date	Event
29 July 2022	First Half 2022 Results Announcement
4 November 2022	First 9 Months 2022 Results Announcement

## DEFINITIONS

EBITDA = EBIT + Depreciation, amortisation and impairment losses + Provisions

EBIT = Operating profit

Operating profit = Earnings before taxes, financial results and results of associates and joint ventures as presented in the Income Statement in IFRS format

Cash-flow = Net profit for the period + Depreciation, amortisation and impairment losses + Provisions

Free Cash Flow = Variation in interest-bearing net debt + Variation in foreign exchange denominated debt + Dividends (paid-received) + Purchase of own shares

Interest-bearing net debt = Non-current interest-bearing debt (net of loan issue charges) + Current interest-bearing debt (including debts to shareholders) – Cash and cash equivalents

## DISCLAIMER

This document contains statements that relate to the future and are subject to risks and uncertainties that can lead to actual results differing from those provided in these statements. Such risks and uncertainties are due to factors beyond Semapa's control and predictability, such as macroeconomic conditions, credit markets, currency fluctuations and legislative and regulatory changes. Statements about the future made in this document concern only the document and on the date of its publication, therefore Semapa does not assume any obligation to update them. This document is a translation of a text originally issued in Portuguese. In the event of discrepancies, the Portuguese language version prevails.





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Company Registration and Corporate Taxpayer Number: 502 593 130 | Share Capital: EUR 81,270,000  
ISIN: PTSEM0AM0004 | LEI: 549300HNGOW85KIOH584 | Ticker: Bloomberg (SEM PL); Reuters (SEM.LS)