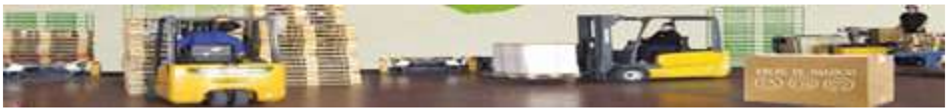
inapa 2017

OUR PAPER MAKE US GROW

Photo from Papier Union employee C. Glenc



PRELIMINARY NOTE OF THE BOARD OF DIRECTORS

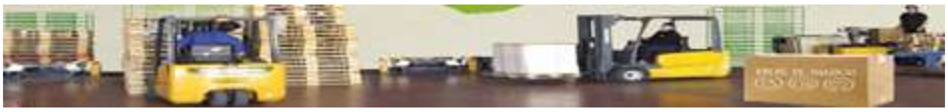
The Board of Directors of Inapa was informed on this date that it was impossible for Mr. Álvaro Pinto Correia to continue to exercise, for health reasons, the functions of Chairman of this body.

While regretting the situation, the Board of Directors would like to thank Mr. Álvaro Pinto Correia, on behalf of all the employees of Inapa Group, for his invaluable contribution to the development of Inapa during the eight years in which he held the position of Chairman of the Board of Directors.

Throughout this period we had the pleasure of appreciating his nobility of character, professionalism, exemplary independence and competence, enjoying the friendship with which he honored us.

We wish him a speedy recovery.

Lisbon, March 23, 2018



1. MESSAGE FROM THE CEO

In 2017 Inapa achieved a turnover of 886 million euros, a growth of 36 million euros relatively to 2016. This growth was achieved in the three business areas: paper, packaging and visual communication.

In the paper business, Inapa increased its turnover in 33 million euros, growing in terms of traded volumes and improving its market share, despite the market decrease of 1.7% on the geographies of the Group.

The paper commercial results are already a consequence of the acquisition done in France at the end of 2016. Inapa will benefit during the next years of synergies arising from the merger of operations in France and the logistic reorganization that is being implemented in several companies, with particular focus, due to its size, on the German market.

In the packaging business, sales amounted to 71 million euros, growing relatively to 2016, while important reorganizations were being implemented in the German, French (with the positive integration of Embaltec) and Portuguese (with the merger of two companies, creating Inapa Packaging Portugal) operations.

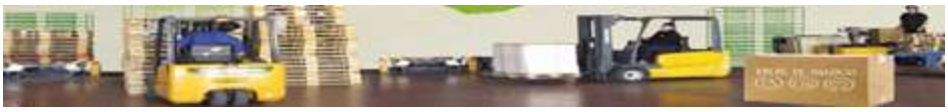
In the visual communication business, we achieved a significant turnover growth and profitability improvement, with investments in the expansion of the product portfolio and geographical coverage, which will be the basis for the coming years' growth.

This cross-sector growth in all areas was achieved together with a gross margin increase, in nominal and as a percentage of sales, reflecting the constant effort to defend margins and develop higher value business.

The evolution in the different business areas demonstrates that the strategic decisions of 2016 were correct, although we are still in a phase of restructuring, which will allow us to further improve our efficiency ratios. Because of these actions, in 2017 our non-recurring costs were 3.3 million euros, which compare with a non-recurring income of 4.9 million in 2016.

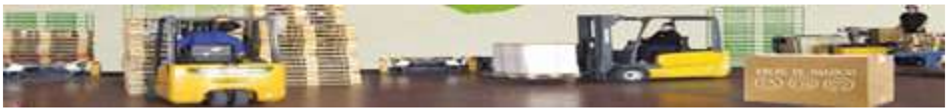
Net income was positive in 0.2 million euros. If we exclude the effect of the sale of Inapa Switzerland and acquisition of Papyrus France from 2016 accounts, net income improved 5.4 million euros.

Inapa has a motivated and enthusiastic professional team, which forms the basis of its future development.



We would like to thank every one of our employees, customers, suppliers, financial institutions and shareholders who contributed to this growth and strengthening of Inapa.

Diogo Rezende, *CEO*



2. HIGHLIGHTS

Inapa reports a positive net income

In a year marked by the integration of Papyrus France, the Group increased its turnover and improved recurring profitability

Results generation

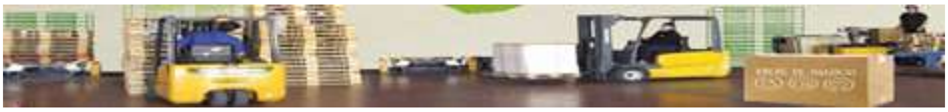
- Consolidated sales grew 4.2% to 885.7 million euros, with a positive contribution from all business areas
- Gross margin improved 0.4 percentage points to 161.7 million euros, a 6.7% growth
- Operational costs, due to a larger scope of activity, increased 7.1%
- Recurring EBITDA of 22.6 million euros, a 2.8% growth, representing 2.6% of sales
- EBIT was 13.7 million euros
- Financial costs decreased 7.1%
- Net income was 0.2 million euros

Financial strength

- Net debt of 296.4 million euros, 5.7 million euros above 2016
- Interest coverage improved to 1.7x
- Working capital decreased 7.0 million euros relative to December 2016

2016 comparison

- Net income in 2017, excluding the extraordinary effect from the acquisition of Papyrus France and sale of Inapa Switzerland, improved 5.4 million euros



MILLION EUROS	2017	2016	2015	2014	Var. 17/16
Tonnes ('000)	813	771	809	837	5,4%
Sales	885,7	849,8	881,3	909,5	4,2%
Gross margin	161,7	151,5	159,3	165,9	6,7%
Gross margin (%)	*18,3%*	*17,8%*	*18,1%*	*18,2%*	*0,4 pp*
Operational costs	136,6	127,5	133,4	137,6	7,1%
Provision for current assets	2,5	2,0	2,7	3,8	26,6%
Re-EBITDA	22,6	22,0	23,2	24,5	2,8%
Re-EBITDA (%)	*2,5%*	*2,6%*	*2,6%*	*2,7%*	*0,0 pp*
EBIT	13,7	21,3	17,0	18,3	-35,7%
EBIT (%)	*1,5%*	*2,5%*	*1,9%*	*2,0%*	*-1,0 pp*
Financial results	13,2	14,2	15,3	15,9	-7,0%
EBT	0,3	7,1	1,7	2,5	-96,4%
Taxes on Profits	0,0	-2,8	-2,2	-0,5	2,8
Net income	0,2	4,4	-0,4	2,1	-4,1
ROCE (%)	*11,8%*	*10,7%*	*10,4%*	*10,4%*	*1,1 pp*

	31/12/17	31/12/16	31/12/15	31/12/14	Var. 17/16
Net debt [1]	296,4	290,7	310,9	316,7	2,0%
Interest coverage	1,7 x	1,5 x	1,5 x	1,5 x	0,2 x
Working capital	119,6	126,6	137,9	147,3	-5,5%

1 Includes securitization.

3. RELEVANT FACTS

3/24/2017 2016 annual results announcement

4/06/2017 2016 annual report

4/06/2017 Notice for General Meeting

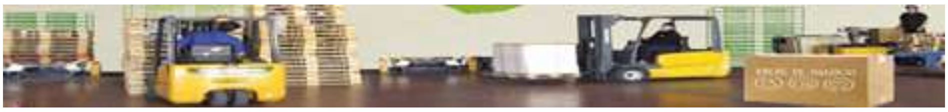
4/28/2017 General Meeting

9/22/2017 First half 2016 results announcement

10/12/2017 Conversion of shares into nominatives

Subsequent facts

3/23/2018 Term of Mr. Álvaro Pinto Correia as director and Chairman of the Board of Directors for supervening incapacity



4. CONSOLIDATED PERFORMANCE

In 2017, Inapa consolidated sales reached 885.7 million euros, 36 million euros above the same period of 2016, with a growth of turnover in all three-business areas.

Paper business grew 5.4% in volume, largely due to the strengthening of our position in the French market. This activity increase resulted in a market share gain in the markets where we are present, despite the negative evolution of the consumption of graphic and writing papers when compared to the previous year in these markets.

Complementary businesses, packaging and visual communication, registered an organic growth of 3.5% in turnover due to the initiatives that were taken in the different markets where we operate and the enlargement of our product range.

Gross margin stood at 18.3%, 0.5 percentage points above the same period of the previous year, despite the strong pressure from suppliers to increase prices. 2017 was once again a year of balance in the relationship with suppliers and customers, always focusing on the sustainability of our operational operating structure. This margin improvement was achieved working on the product mix, with emphasis on high value products, and based on the principal of protecting the overall gross margin of the Group.

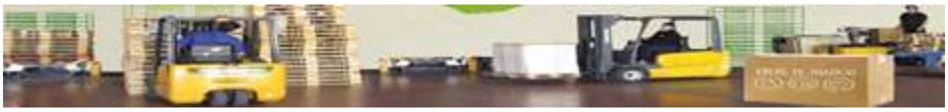
Operational costs increased 9 million euros (+ 7%) compared to the previous year, due to the incorporation of Papyrus France in Inapa, representing 15.4% of sales compared to 15.0% in 2016. If we remove the impacts of the capital gain of the acquisition of Papyrus France and sale of Inapa Switzerland from the 2016 accounts, this ratio shows an improvement in efficiency compared to the previous year. The merger of the companies in France was on June 30 (only six months after the acquisition), so efficiency gains regarding logistics and distribution and the optimization of resources were still relatively small compared to their mid-term potential.

Inapa maintains the credit risk management of its clients' portfolio through an insurance covering the entire universe of Group companies. In addition, our teams work on a risk-based basis following strict internal control procedures, thus achieving an impairment ratio of current assets on sales of 0.3% (+0.1pp or 0.5 million euros more than in the same period of the previous year).

Due to the sales growth and margin improvement, recurring EBITDA stood at 22.6 million euros, 0.6 million euros higher than the same period of 2016.

Non-recurring costs totaled 3.3 million euros and are mainly due to the restructuring carried out in France, with the integration process of the former Papyrus, and in Germany, mostly in the logistic and commercial areas.

During the year both packaging and visual communication teams were reinforced, in order to accelerate growth conditions in these sectors of activity.



Operational results (EBIT) were 13.7 million euros (1.5% of sales).

Net financial costs decreased 7% (-1.0 million euros) to 13.2 million euros over the same period last year. This progression is mainly due to the reduction of the impact of exchange rate differences.

Consolidated results before taxes were 0.3 million euros. Income taxes were 46 thousand euros, of which 2.5 million euros relates to current taxes and 2.5 million relates to deferred taxes, mostly due to the integration of Papyrus France.

2017 net income was 0.2 million euros, which compares with 4.4 million euros in 2016 restated accounts. If excluded the net capital gain of the acquisition of Papyrus France and sale of Inapa Switzerland, with an aggregated impact of 9.5 million euros on the 2016 accounts, 2017 net income improved 5.4 million euros.

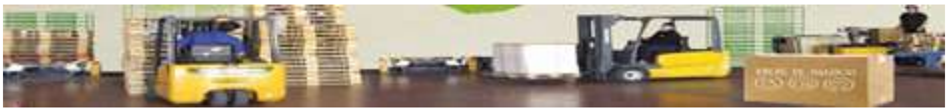
Working capital decreased 7 million euros (-5.5%) compared with 2016 to 119.6 million euros. The Group continues to be focused on reducing its working capital investment. In 2017, inventories and the customer receivables decreased 14 million euros and supplier payables decreased 7 million euros.

Consolidated net debt on December 31, 2017 stood at 296.4 million euros, an increase of 5.7 million over the previous year. This was due to activity growth and restructuring-related charges - expansion of one of the warehouses in Germany and information technology (hardware and software) – that were partially offset by the strict management of the working capital and the generation of operational cash-flow. At the end of 2017, current debt represented 22% of total gross debt, a decrease of 6 percentage points over the same period of last year.

PAPER

In 2017 paper business sales amounted to 785.4 million euros, an increase of 32.5 million euros relatively to 2016.

We continued to see an erosion of the paper demand in Europe during 2017, with a volume decline of 2.1% in Western Europe and 1.7% in the European countries where Inapa operates. Strong competition between the different players in the market continues to occur, albeit with different behaviors depending on the geographies. Despite this framework, Inapa managed to grow by around 5.4% in terms of volume and increased its market share in the European markets where it operates at around 1.8 percentage points. The market share evolution was not homogenous in all geographies, as some countries were penalized by industrial problems experienced by one of our main suppliers as well as by the restructure and product portfolio reduction from another supplier. Overall, the contribution of the French market in strengthening our position confirms the success of the acquisition operation carried out at the end of 2016.



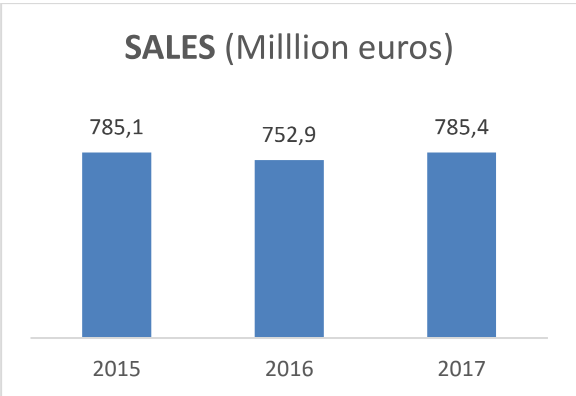
In 2017 average sales price fell marginally compared to the same period of 2016. This development was the result of the dynamics of falling prices over the previous year, as in comparative terms during the first half 2017 average prices were below the same period of 2016. However, in the second half of 2017 there was an increase of around 2% compared to the average price of the second half of 2016. The trend of increasing paper prices was driven by the increase of prices by producers, which in turn were largely determined by the increase in pulp prices.

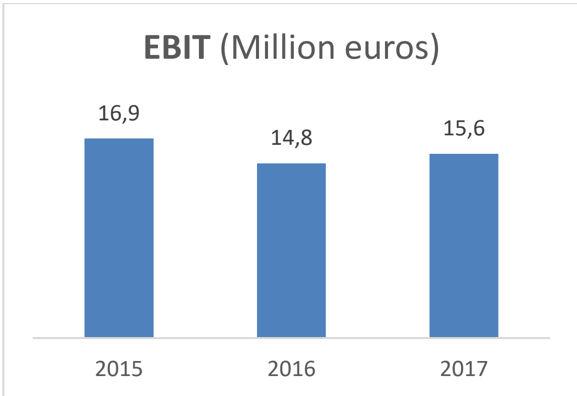
Paper gross margin followed the growth of the business, having increased marginally in terms of percentage of sales compared with the same period of 2016. This result is due to the strategy of sales mix improvement, with the reorganization of the commercial areas and the product portfolio, to better serve our customers' needs.

Despite the business increase, due to the acquisition done in December of 2016, administrative and personnel costs maintained the downwards trend of the last years, reflecting the strict cost management of operations.

Paper business operational results (EBIT) were 15.6 million euros, representing 2.0% of sales.

In summary, paper business performed positively due to the increase in activity, although we are still at an early stage of the value creation process from the merger of operations in the French market.



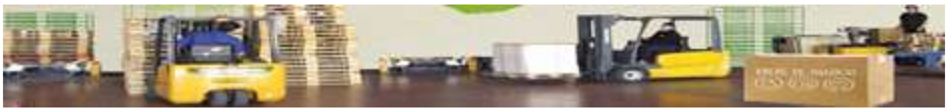


PACKAGING

Packaging business sales accounted for 67.7 million euros, 1.0 million more than in 2016.

The turnover growth was achieved during a reorganization on the different markets where we are, which will be the basis for a healthy future growth.

It should be highlighted the integration of Embaltec, acquired in 2016, which allow us to have a broader geographical coverage and an important product portfolio in the French market.

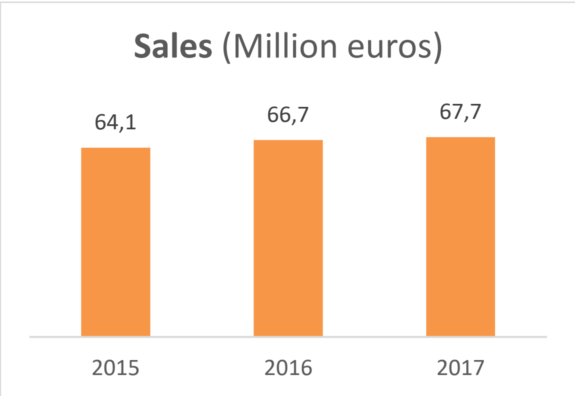


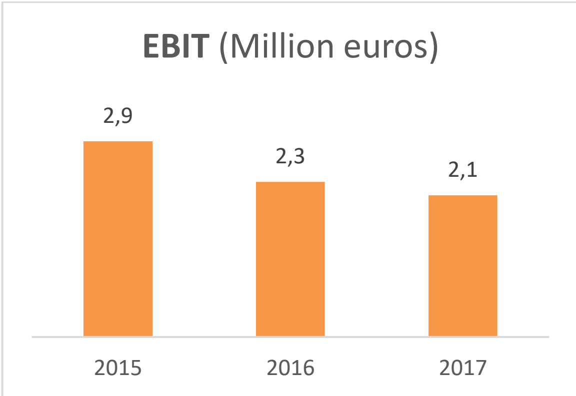
In Germany it was done a strong investment in the reorganization of operations and enlargement of products, which should bring positive effects in 2018.

In Portugal we have done the merger of Da Hora with Tradembal in one company, with a new designation, Inapa Packaging Portugal. This process included the reorganization and concentration of activities, with positive impacts in terms of sales and costs, already seen during the second half of the year.

Operational results in the packaging business were 2.1 million euros, representing 3.0% of sales. 2017 was a year of transition, with strong investments in the operational reorganization and the capacity to further develop custom packaging solutions, which should bring results already in 2018.

Results before taxes were 1.3 million euros.



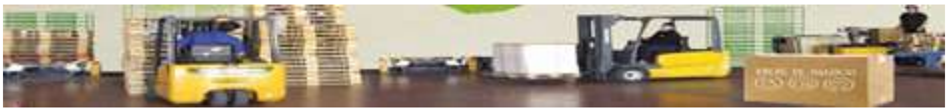


VISUAL COMMUNICATION

In 2017, Inapa visual communication business recorded a turnover of 32.6 million euros, an increase of around 8% over 2016.

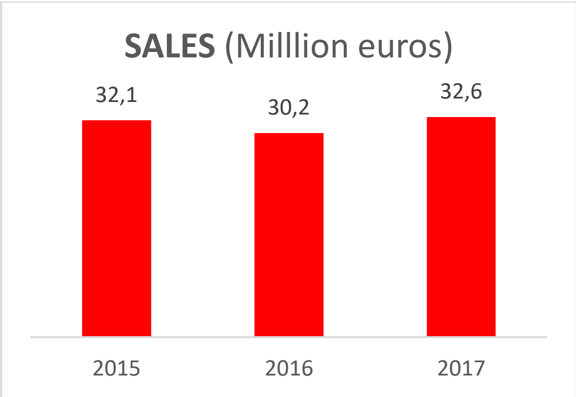
This growth was achieved in the various segments, namely in hardware and media sales and in the different geographies. However, it fell short of the potential identified, given the difficulties experienced in recruiting experienced staff, particularly in Germany. Organic growth was thus dependent on our internal training capacity, taking more time to reach the goals set and suggesting strong growth in the coming years.

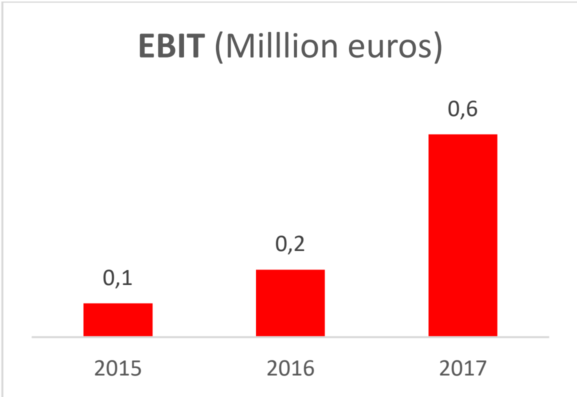
Our participation in FESPA, the largest international event for wide format printing, which took place in Hamburg in May, and the visual communication fair held in Frankfurt in November, both with a large turnouts, were an important enabler to enlarge our client portfolio, as well as to make new contacts with suppliers, thus reinforcing our product portfolio and exclusive representations.

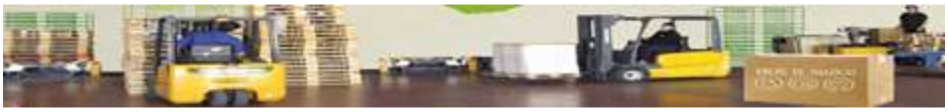


The sales increase, the margin protection efforts and higher operational efficiency conducted to higher results generation, for the third consecutive year, standing at 0.6 million euros. The operational results over sales ratio improved 1.3 percentage points relatively to 2017, despite the investment done in recruiting.

We are clearly committed to develop the visual communication business through organic growth and acquisitions.





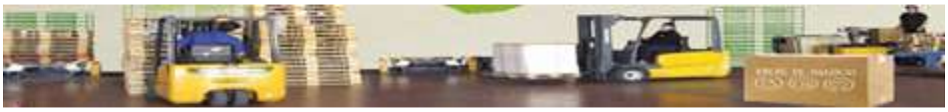


5. CONSOLIDATED ACCOUNTS

CONSOLIDATED INCOME STATEMENT AT DECEMBER 31, 2017 AND DECEMBER 31, 2016
(Amounts in thousands of Euros)

	DECEMBER 31, 2017	DECEMBER 31, 2016 RESTATED
Tonnes	**812 989**	**771 193**
Sales and Services rendered	894 699	858 733
Other income	19 567	29 666
Total Income	**914 266**	**888 399**
Cost of Sales	-731 881	-705 191
Personnel Cost	-77 355	-75 795
Other costs	-86 022	-80 463
	19 009	**26 950**
Depreciations and amortizations	-5 548	-5 606
Gains / (Losses) in associates	21	8
Net financial function	-13 225	-14 240
Net profit before income tax	**256**	**7 113**
Income tax	-46	-2 834
Net profit / (loss) for the period	**210**	**4 279**
Attibutable to:		
Shareholders of the company	210	4 355,661
Non controlling interests	-	-77
Earnings per share on continuing operations		
Basic	0,0005	0,0097
Diluted	0,0005	0,0097

The restatement of the accounts for 2016 results from the reclassification of the exchange gains obtained with the transaction occurred in December 2016 (purchase of Papyrus France and sale of Inapa Switzerland) from the account of retained earnings to net income, through the results account Other Income. This restatement had no impact on the total shareholders equity in 2016.



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CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2017
(Amounts in thousands of Euros)

	DECEMBER 31, 2017	DECEMBER 31, 2016 RESTATED
ASSETS		
Non-current assets		
Tangible fixed assets	70 714	77 600
Investment property	1 318	-
Goodwill	188 481	188 602
Other intangible assets	118 728	118 712
Investments in associate companies	1 097	1 126
Available-for-sale financial assets	16	22
Other non-current assets	10 545	7 694
Deferred taxes assets	21 778	21 475
Total non-current assets	**412 678**	**415 231**
Current Assets		
Inventories	65 128	66 792
Trade receivables	126 848	139 155
Tax to be recovered	5 982	5 638
Other current assets	40 771	31 463
Cash and cash-equivalents	19 302	22 259
Total current assets	258 032	265 307
Total assets	**670 710**	**680 538**
SHAREHOLDERS' EQUITY		
Share capital	180 135	180 135
Share issue premium	450	450
Reserves	26 313	28 270
Retained earnings	-21 532	-25 888
Net profit for the period	210	4 356
	185 576	187 323
Non controlling interests	-	-120
Total shareholders' equity	**185 576**	**187 202**
LIABILITIES		
Non current Liabilities		
Loans	201 798	181 629
Financing associated to financial assets	43 952	43 953
Deferred tax liabilties	46 661	48 715
Provisions	489	2 060
Employees benefits	6 731	5 567
Other non-current liabilities	3 628	4 872
Total non-current liabilities	**303 260**	**286 795**
Current Liabilities		
Loans	69 979	87 381
Trade payables	72 424	79 394
Tax liabilities	13 178	12 139
Other current liabilities	26 293	27 624
Total current liabilities	181 874	206 539
Total shareholders' equity and liabilities	**670 710**	**680 538**

6. ADDITIONAL INFORMATION

WARNING

This document contains information and future estimates based on current expectations and management opinions deemed reasonable. Future estimates must not be considered consolidated facts and are subject to several unpredictable factors that may have an impact on future results.

Despite the fact that said estimates represent current expectations, investors, analysts and all those who may make use of this document are warned that future information is subject to uncertain factors and risks, of which many are difficult to forecast. All readers are warned not to attribute inappropriate importance to future estimates and information. We exempt ourselves of any responsibilities concerning any future estimates or information.

Report available on Inapa's website
www.inapa.pt

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Inapa is admitted to trading on the Euronext Stock Exchange.
Information about the company may be checked under the tickers:

- Ordinary shares: INA
- Preferred shares: INAP

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