



**Analysis of the proposed
Semapa transaction,
current undervaluation
revealed**

July 2015

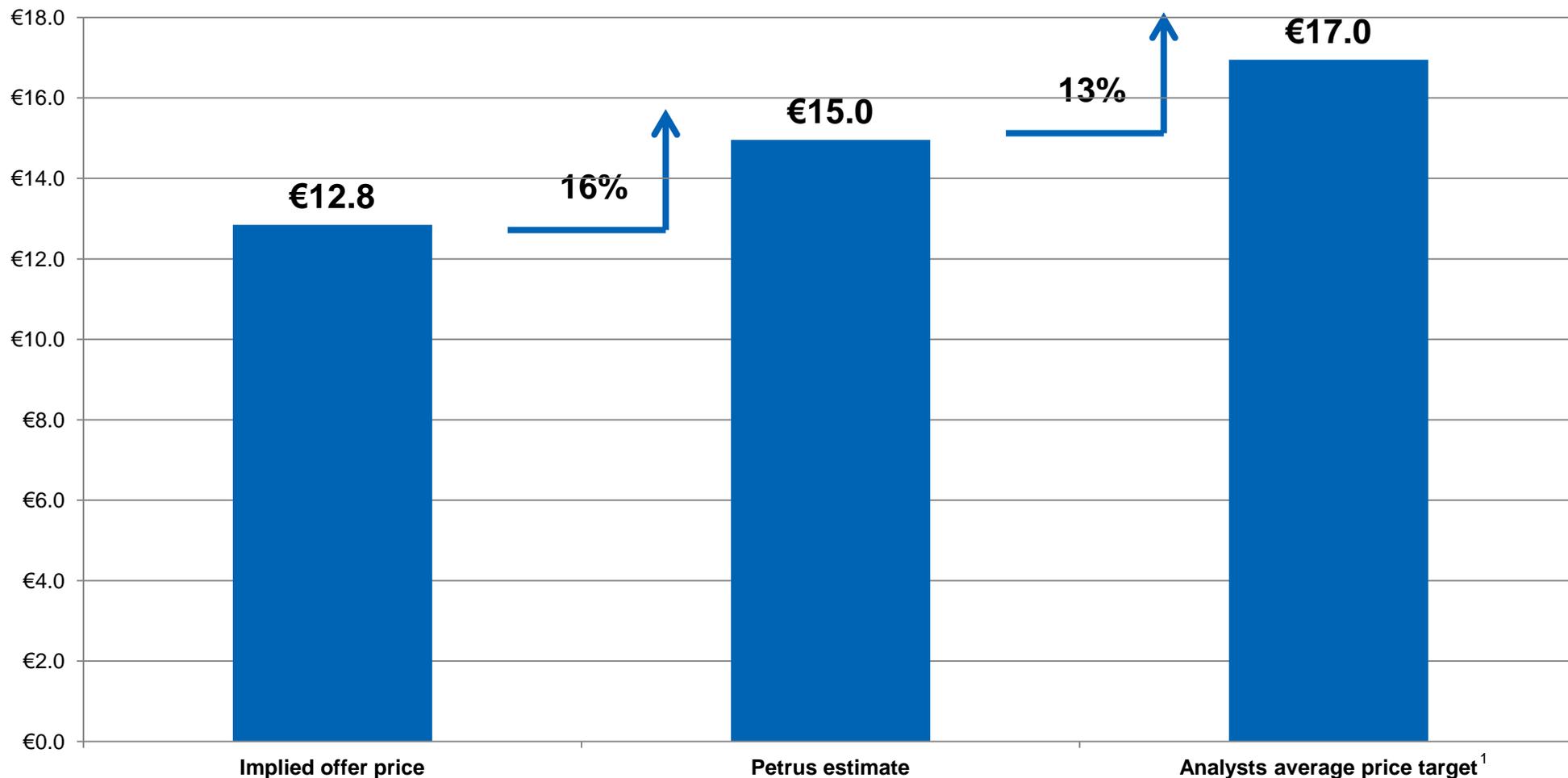
Executive summary

- Petrus is a leading European active investor with substantial equity allocated to the Portuguese / Iberian markets, we are substantially invested in Semapa shares at present, and we are not compelled to relinquish our holding in Semapa
- Semapa is a Portuguese holding company with three main investments:
 - **Portucel:** 81.2% stake in Portucel, a listed Pulp and Paper company (2014 EBITDA of €328.4m)
 - **Secil:** approx. 100% in Secil, a Cement company (2014 EBITDA of €74.4m)
 - **ETSA:** approx. 100% of ETSA, a company active in the Environmental Services space (2014 EBITDA of €3.9m)
- On the 25th of May 2015, Semapa announced the intention to launch a voluntary general exchange offer of its own shares for Portucel shares at a ratio of 3.4 Portucel shares for each Semapa share at an implied price per Semapa share of €13.83¹
- Semapa's main argument is that the proposed deal will improve the liquidity of Portucel
- Petrus Advisers believes both Portucel and Semapa including Secil are very high quality assets and we acknowledge the logic of the proposed transaction
- However, we believe the current offer terms undervalues Semapa and in particular Secil as the implied price for the equity in Secil plus ETSA is only -€91m (implied EV / 2014 EBITDA multiple of 2.8x)

We believe it's a good idea to address the conglomerate topic and dual listing issue with an offer. However, it's our view that an exchange ratio of 4 Portucel shares for every Semapa share would be appropriate and equitable given the quality of the underlying assets. We have discussed this topic with several institutional investors and we assume that the current bid will fail to materially change the existing situation unless improved

Current implied offer price is below both our and analysts' estimates

Exchange ratio:	3.4x	4.0x	4.5x
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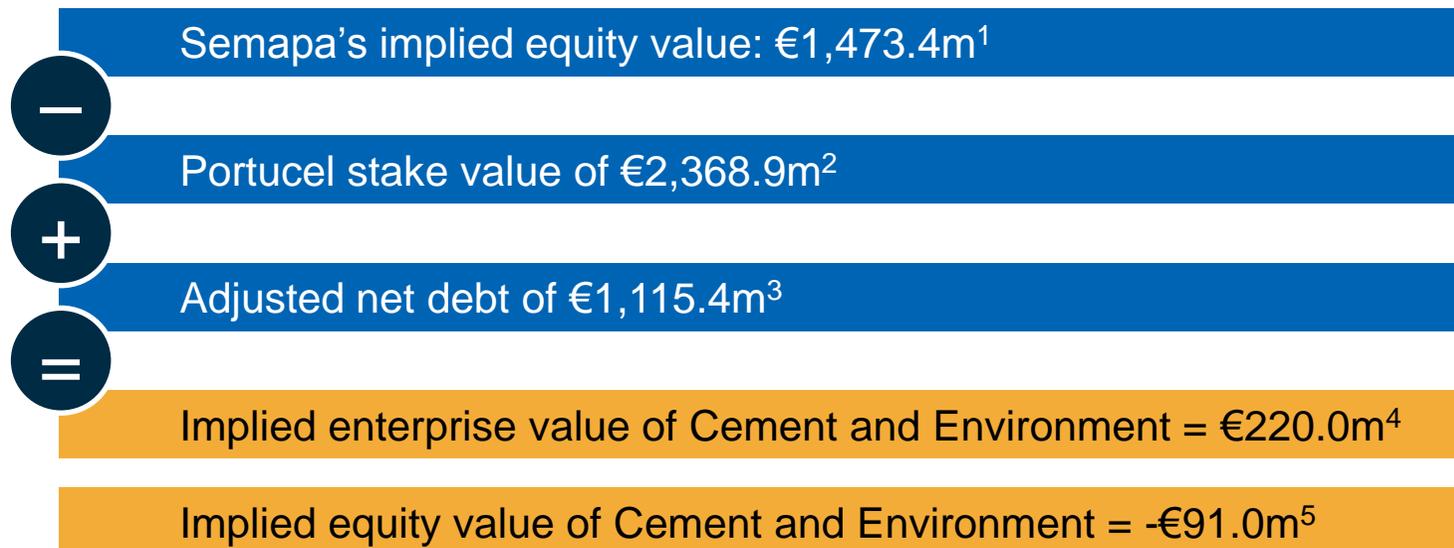


Source: Bloomberg as of 17/07/2015, analysts' reports

1) Based on the average price targets from BESI, CaixaBI and BPI (now restricted on the stock).

Offer not attractive as it undervalues Cement and Environment businesses

Sodim would get the Cement and Environment businesses at a combined enterprise value of €220m or 2.8x 2014 EBITDA



- Current implied valuation represents a 2.8x EV/EBITDA multiple⁶
- Implicit multiple paid on CRH's Secil stake was 12.9x⁷

1) Based on €4.069/ Portucel share, a 3.4x exchange ratio and 106.5m shares out standing(106.5m shares issued - 0.0m treasury shares). The holding discount is irrelevant for Sodim as purchaser.

2) Portucel stake market value on the 22/05/2015 (based on €4.069/ Portucel share and 582.2m shares held) .

3) Semapa net debt as of Q1 2015 of €1,418.9m adjusted for: Portucel net debt of €282.2m, dividend paid in May 2015 of €39.9m, Portucel dividend payment received in May 2015 of €163.9m (€0.443 / share x 582.2m shares held x (1 - 35%)), and Cement and Environment minorities of €102.7m.

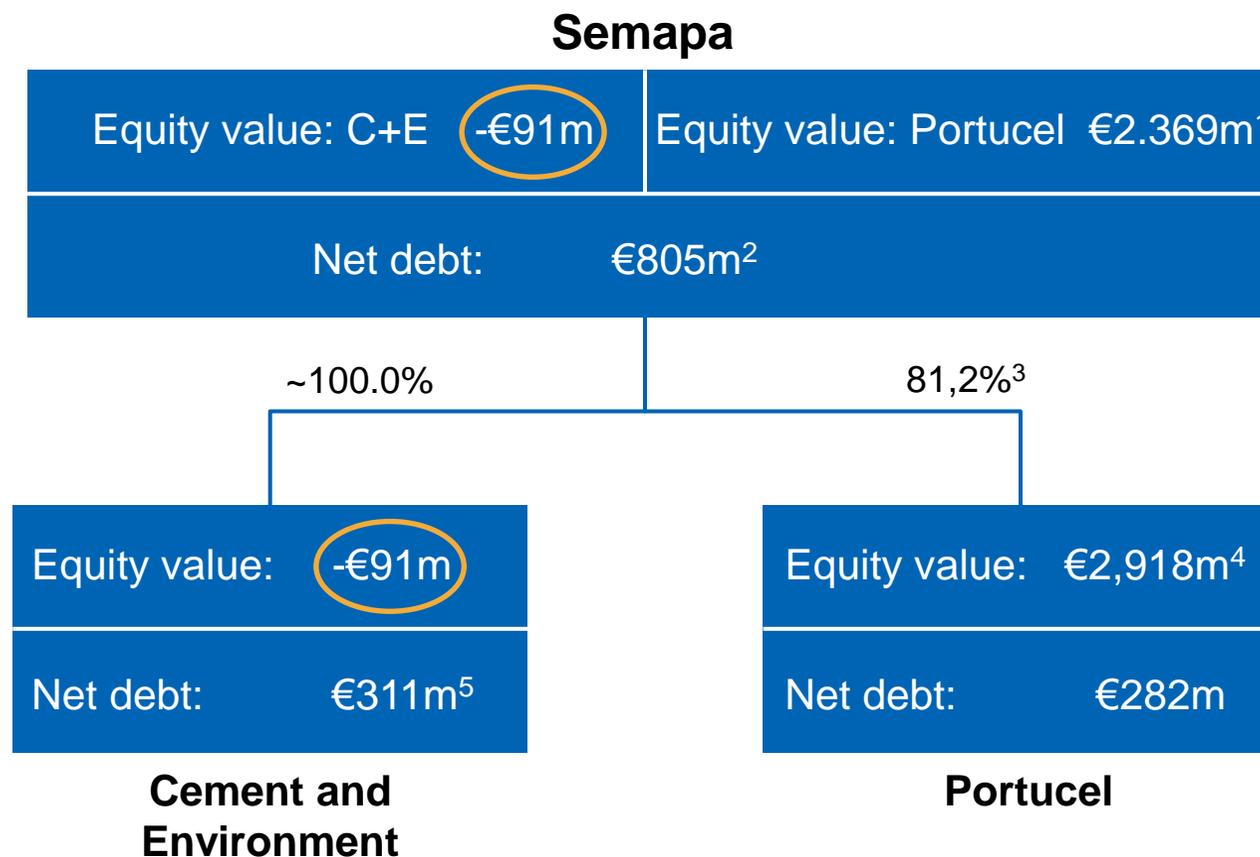
4) Assumes €0m enterprise value for the Holding.

5) Implied enterprise value adjusted for Cement net debt of €188.5m, Environment net debt of €19.6m and Cement + Environment minorities of €102.7m.

6) Based on the combined FY 2014 EBITDA for the Cement and Environment business of €78.3m.

7) In August 2011, Semapa received the right to acquire CRH's 49% stake in Secil for an equity value of €574.28m. We consider a net debt of €142.4m (for 100% of the Cement segment in 2011 FY) and an EBITDA of €102.2m (for 100% of the Cement segment in 2011 FY).

Current bid implies a negative equity value for Cement + Environment



1) Portucel stake market value on the 22/05/2015 (based on €4.069/ Portucel share and 582.2m shares held) .

2) Includes holding net debt of €928.6m as per 31/03/2015, dividend paid in May 2015 of €39.9m, Portucel's dividend received in May 2015 of €163.9m (€0.443 / share x 582.2m shares held x (1 – 35%)).

3) Percentage of voting rights(number of shares outstanding).

4) Based on 717m shares outstanding and a share price of €4.069 as of 22/05/2015.

5) Includes Cement net debt of €188.5m, Environment net debt of €19.6m and Cement + Environment minorities of €102.7m.