ANNOUNCEMENT
2018 FIRST HALF RESULTS

1. Highlights

Positive results of € 65 thousand euros

Reduction of € 3.3M in operational costs and provisions compared to the same period of 2017

Reduction of net debt by € 2.9M compared to the same period of 2017

Generation of results

- Sales in volume decreased 10% compared with June 2017.
- Turnover decreased 3.8% compared to the same period of 2017.
- Gross margin of 17.8%, down 0.2 pp compared to the same period of previous year.
- Operational costs decrease by € 2.7M, corresponding to 17.5% of sales.
- Recurring EBITDA of € 10.6M, corresponding to 2.4% of sales.
- Operational results (EBIT) amounted to € 6.9M.
- Positive net income of € 0.1M.

Financial structure

- Net debt reduction of € 2.9M compared with June 2017.
- Working capital decreased € 8.1M compared with June 2017.

MAIN ACTIVITY INDICATORS

MILLION EUROS	1H18	1H17	VAR. 18/17
Tonnes ('000)	381	423	-10,0%
Sales	437,5	454,8	-3,8%
Gross margin	77,9	81,7	-4,7%
Gross margin (%)	*17,8%*	*18,0%*	*-0,2 pp*
Net Operational costs	66,4	67,3	-1,4%
Operational Income	10,2	11,9	-1,7
Operational Costs	76,6	79,2	-2,7
Provision for current assets	0,8	1,4	-40,8%
Re-EBITDA	10,6	13,0	-18,1%
Re-EBITDA (%)	*2,4%*	*2,8%*	*-0,3 pp*
EBIT	6,9	8,9	-22,9%
EBIT (%)	*1,6%*	*2,0%*	*-0,4 pp*
Net Financial costs	6,7	6,5	2,0%
EBT	0,2	2,4	-2,2
Income tax	-0,1	-1,9	1,7
Net income	0,1	0,5	-0,5

	30/06/18	30/06/17	VAR. 18/17
Net debt [1]	293,2	296,1	-1,0%
Interest coverage	1,6 x	2,0 x	-0,4 x
Working capital	119,4	127,5	-6,4%

[1] Includes securitization.

Inapa presents an alternative table to the Financial Statements with the main activity indicators approaching the business evolution analysis to the one used by the management, being also aligned with what is practiced by the different market players.

2. Relevant facts

23/3/2018	Assignment of duties of the Director and Chairman of the Board of Directors Mr. Álvaro Pinto Correia
23/3/2018	2017 Full Year Results Announcement
29/3/2018	Publication of the 2017 Annual Report
13/4/2018	Notice for the Ordinary General Meeting
4/5/2017	Ordinary General Meeting

Until the date of publication, no subsequent events were registered

3. Management Report

3.1. Market analysis

Macroeconomic context

Global economy grew 3% during the first half of 2018, despite some slowdown compared to the second half of 2017. However, expectations of global growth of 3.8% for 2018 remain, although the risks to global economy may have increased as a result of some geopolitical developments and commercial disputes between USA and China as well as between USA and Europe.

In the euro zone, after four very positive consecutive quarters, the rhythm of growth slowed down during the first half of 2018, to + 0.4%. This slowdown reflected the occurrence of some temporary effects that may still be felt during 2018, such as those resulting from global commercial conflicts. However, it will continue to benefit from favorable monetary policy conditions that will stimulate investment and, consequently, increase installed capacity, which did not allow full satisfaction of the global demand increase during the first half of the year.

The economy of the euro zone will continue to grow in 2018 (estimated at 2.1%) although at a slower pace than in 2017, when growth was the highest in the last 10 years (+2. 4%).

Some comments on the evolution of countries' economies whose operations have the greatest impact on Inapa Group activity.

In Germany, the economy accelerated in the second quarter, supported by domestic demand, which is expected to maintain during the second half of the year, with consumer confidence remaining at high levels. In annual terms the German economy grew 1.4% in the first quarter of the year and reached 2.3% in the 2nd. For 2018 it is estimated that the German economy will grow at a rate of at least 2% supported by a strong domestic demand.

The French economy grew 0.2% in the second quarter in line with the growth observed in the 1st. Annual growth is estimated at only 1.7% for 2018. This slowdown in the economy is mainly due to weak domestic demand (despite sustained job creation), influenced by rising inflation and the introduction of indirect taxes that, together with a lack of trust, have affected the purchasing power of the domestic consumers.

Spain's economy grew 0.6% in the second quarter of 2018 in relation to the first one, which grew by 0.7%. On an annual basis, the growth of the Spanish economy was 2.7% and, despite being above the European average, is the lowest rate of the last 4 years. This slowdown was mainly due to a decrease in exports and a weaker domestic demand. For 2018 it is estimated the continuation of the good performance of the economy and a growth of 2.7%.

The Portuguese economy accelerated slightly in the second quarter of 2018, growing 0.5% compared to the first quarter, when growth was 0.4%, putting the annual growth rate at 2.3% in the first half of 2018. This slight acceleration was mainly due to the growth in the number of tourists, which translated into double-digit growth in the sector's revenues during the first half. For the second half of the year growth is expected to continue, albeit at a more moderate pace, but may reach a rate of 2.2%.

In Turkey, the economy grew 0.9% in the second quarter of 2018 compared to the first quarter with a growth of 1.5%. On an annual basis growth is 5.5%, below the 7.2% recorded at the end of the first quarter. The latest indicators suggest that the economy is slowing down with negative sentiments in consumption and production. High inflation, a rapidly depreciating lira, and a fiscal deficit that worsened during the first half of the year together with the effects of USA commercial policy and the increase in custom tariffs on Turkish steel and aluminum. Under these conditions, the Turkish economy could grow only 4% by the end of 2018 (7.4% in 2017).

Sector framing

Indicators of paper demand in Europe in the first six months of 2018 showed a negative change compared to the same period in 2017, being higher than the average levels of the past, that were certainly influenced by the process of price increases. Based on Eurograph (European Association of Graphic Paper Producers) statistics, in relation with consumption evolution of paper for graphic and writing and printing, Western Europe fell 6.2% in global consumption of these types of paper. Coated woodfree papers had a decrease of 7.9%, while uncoated woodfree papers showed a negative variation of 5.0% compared with the same period.

Still according to these statistics, the volume of paper sold in Inapa’s most important European markets (Germany, France, Spain and Portugal) have decreased 6.2%. Germany and France recorded decreases above the market average of 6.7% and 7.5% respectively, while in Spain the decrease was 2.8% and in Portugal 1.5%. These figures aggregate coated and uncoated paper volumes – totaling between 80-85% of traded papers – not including other subfamilies, namely specialties such as paperboard and self-adhesive, among others.

In production there has been a strong pressure on the industry due to high raw material costs, particularly pulp (price increase by more than 50% in the last 2 years) as a result of increased world demand, but above all due to the closure of polluting factories in China (virgin and recycled fiber) and the strong competition of packaging and tissue. In this context, and with greater impact on non-integrated producers due to the increase in pulp costs, as well as higher chemical and logistic costs, we are witnessing consistent price increases.

3.2. Consolidated Performance

In the described above context of some growth slowdown in the Eurozone in the first half of 2018 compared to the last four quarters, and a sharp contraction in paper demand, Inapa's sales until June decreased 3.8% compared to the same period in 2017, amounting to 437.5 million euros, and in volume decreased 10.0%.

Total sales of the complementary business of packaging, visual communication and office consumables maintained a positive progression, showing a growth of 6.5% compared with the same period of last year.

During the first half of 2018, gross margin stood at 17.8%, 0.2 pp below compared with the same period of the previous year. This decrease was due to the dynamics of paper merchants towards the market contraction, while being pressured by the producers' price increases. As from the second quarter, there were successful price increases with margin recovery to 2017 levels.

Until June operating costs, excluding impairment of current assets, stood at 17.5% of sales, representing savings of 2.7 million euros compared to June 2017. This was due to the efficiency of the logistics network and optimization of resources. Operating income decreased 1.7 million euros, mainly due to tax impacts in some geographies.

The ratio of sales provisions over customer receivables amounted to 0.2% of sales (-0.1 pp or -0.6 million euros compared to the same period last year). Inapa maintains a strict performance in relation to the credit risk of the customer portfolio and an articulated management with the Group's credit insurer

In the first half of 2018, Inapa's performance was affected by the global reduction in volumes and also by the pressure in margins, whose impacts were partially compensated by greater efficiency and operational flexibility and lower impairment of customer balances. In this context, Re-EBITDA was of 10.6 million euros, representing 2.4% of sales.

The non-recurring charges are mainly inherent to the restructuring carried out in the logistics and commercial areas, with impact in Germany and greater relevance in France, with the continuation of the structure optimizing process after the integration of former Papyrus.

Operating results (EBIT) amounted to 6.9 million euros (1.6% of sales).

In the first six months of 2018, financial expenses slightly increased when compared to the same period last year. This is due to the opposite and combined effect of the progressive debt reduction and a slight financial cost increase.

Consolidated earnings before taxes were positive by 0.2 million euros. Income tax amounted to approximately EUR 0.1 million, of which EUR 0.9 million are current taxes and 0.8 million deferred taxes

Working capital decreased 8.1 million euros (-6.4%) compared to June 2017, standing at 119.4 million euros. During the six-month period in question, Inapa successfully maintained the policy of reducing the Group's financial liabilities, with consolidated net debt in June 30, 2018 of 293.2 million euros, 2.9 million euros lower than in June 2017, as a result of the strict management of the working capital and the application of operational cash-flow generated by the activity. As a result of negotiations with some of the funding banks, and in a consistent approach to achieving a more sustainable financial structure, agreements for the renewal and reprogramming of repayment plans have been concluded, with current debt decrease by some EUR 10.7 million (minus 16%).

3.3. Performance of the Group Business Areas

The paper distribution area continues to present important challenges, to which Inapa has responded with a strategy of improving the sales mix, supported by the reorganization of the commercial areas and the product portfolio, adapting it to the customer needs, together with a continuous effort to adjust the business models and the organization, thus improving its efficiency and productivity.

Complementary business of packaging and visual communication made a very positive contribution to the development of the Inapa Group, having increased 7% compared to 2017, representing in this period 22% of the Group's EBIT.

Paper

The beginning of the year was difficult and with strong consumption reductions, sales in volume in the first six months decreased 10% compared to 2017, to 381 thousand tons. In value, paper business companies amounted to 397.3 million euros (-5.2% compared to June 2017), with a recovery in the second quarter, mainly due to price increases.

In the first half of 2018, the average sales price[1] increased 5.4% to € 967 per tonne compared to the same period in 2017, a trend that has been consistent since the second quarter of 2017 and was more predominant since April of the current year.

Inapa continues to be focused on increasing the cross-selling of packaging materials, visual communication and graphics and office consumables as a way to increase its customer penetration, thereby compensating partly the decrease in paper.

During the first half, the sales margin decreased slightly compared to the same period in 2017, due to the great pressure that has been felt since the beginning of the year by producers, with several disciplined price increases, together with a strong competition between paper merchants. Over the first months of the year, they sought to compensate the sharp consumption decrease at the expense of the margin.

Operational results (EBIT) of this business amounted to approximately 7.1 million euros and accounted for 1.8% of sales, reflecting efficiency-driven management, despite the sales decrease.

[1] Average sale price: Paper sales / Tons

Packaging

Inapa packaging business accounted for 37.4 million euros of sales, 1.4 million euros above 2017, an increase of around 4%.

Sales amount in the first six months was increased mainly by sales performance in the wine, agri-food, chemical and cosmetics sectors combined with growth in the new food processing, automotive or electronics industries and in the increasing use of packaging by e-commerce.

The operational results (EBIT) of packaging companies were 1.3 million euros, representing 3.4% of sales (4.0% in the same period of 2017). The operational reorganization carried out during 2017 allowed for in the first half of 2018 to achieve adequate levels of growth and profitability, and it´s expected that in the second half of the year the estimated impacts will be fully integrated.

Visual Communication

The visual communication business recorded a turnover of 20.3 million euros, an increase of around 12% over 2017, across all different geographies where we operate.

Participation in visual communication events continued to boost sales, namely LFP (Large Format Printing), with a very positive evolution in all product segments, Hardware, Media and Print sales in a segment with a great potential of growth and innovation (wide format printing, flex-face and textile media). The evolution of the technical assistance services area continues to be conditioned by the difficulties in recruiting experienced staff, especially in Germany where we are currently focusing on our internal training capacity to overcome this constraint.

The operational results (EBIT) of this business amounted to about 0.2 million euros, (0.1 million euros in 2017). The ratio of operating results over sales increased +0.3 percentage points compared to June 2017, due to the increase in profitability, despite the investment made in recruiting staff.

3.4. Future prospects

Although short-term indicators show a slight deceleration of activity in the beginning of 2018, this should, however, be of temporary nature, reflecting the occurrence of some effects that may still be felt during 2018, such as those resulting from global trade disputes. Growth will continue to be favored by a high level of consumer and business confidence, global stronger growth, low financing costs, stronger private sector balance sheets and better labor market conditions. In Turkey, the instability in controlling inflation and falling currency, as well as concerns about the diplomatic war with the United States will be a factor to follow.

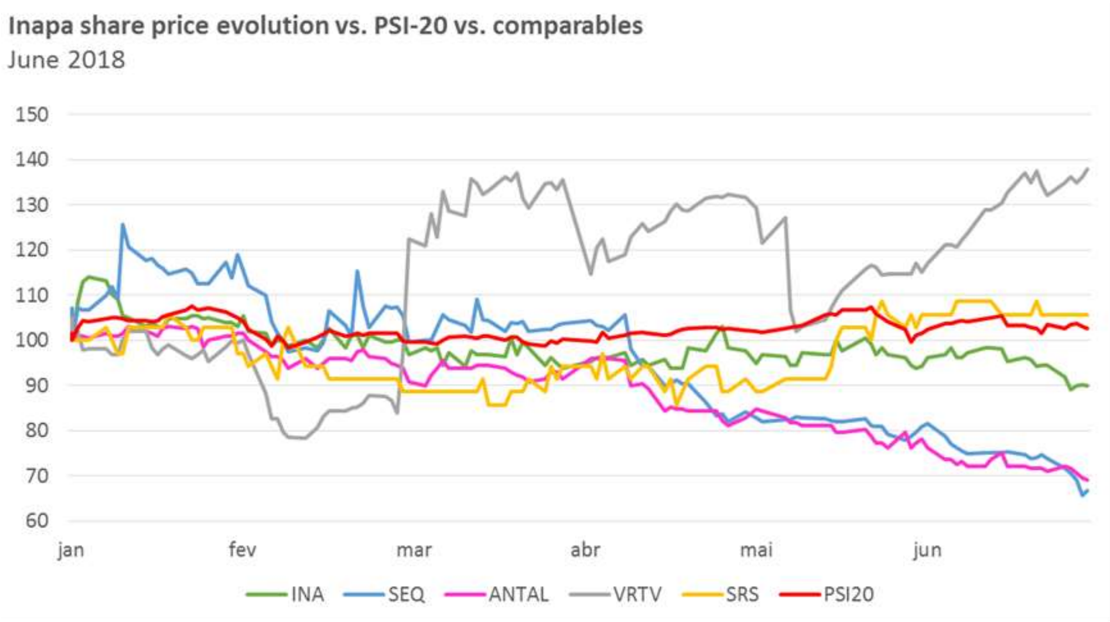
In the paper market, it´s estimated that the structural decline we have witnessed in recent years, through the widespread use of digital media, will continue to influence negatively the evolution of paper demand. For the next half of the current fiscal year it is estimated that in a strong pressure environment that is still felt in the industry due to high raw material costs, will lead to new sales price increases, both for coated and uncoated and cut-size papers. In the coated paper segment, Stora Enso's announcement that they are analyzing the conversion of 1m tonnes of fine paper production into packaging board by 2020 will certainly lead to a new balance between the different producers in the market .

Regarding the packaging and visual communication business, Inapa will remain focused on its organic growth through greater penetration in the markets where it already operates and in the further development of cross-selling. These still fragmented markets, where typically small and medium-sized companies, provide that Inapa will continue to actively pursue investment opportunities that reveal prospects for growth, profitability and value creation in line with the standards that the Group has followed in recent years.

There will be a permanent focus on maintaining the stability of the margin through a strong price policy and product-mix management alongside with strict credit risk management. We will continue to work to build a flexible structure with low operating costs and will continue to implement the new logistics and distribution management model, particularly in our two main markets.

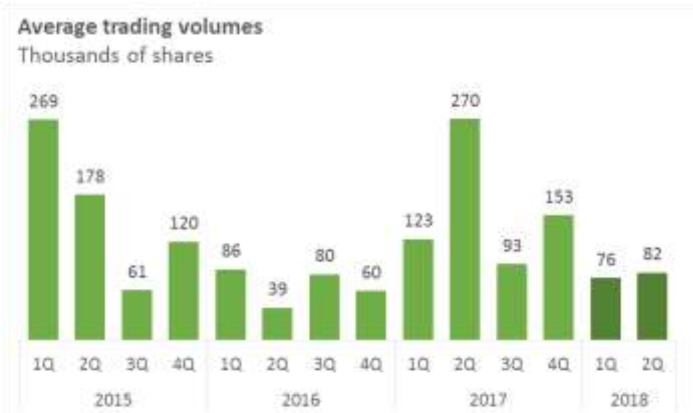
In terms of the balance sheet, the Group will continue to focus on reducing its debt ratio by optimizing funds allocated to working capital (in its three dimensions) and generating cash flow from the activity. We will continue to work with some of our financing banks to obtain agreements for the renewal and rescheduling of repayment plans, with the objective of maintaining the weight of short-term debt adapted to current activity.

3.5. Stock Exchange performance



At June 30, 2018, ordinary shares registered a 10% devaluation compared to the end of 2017, closing the first half with a price of € 0.115. The performance of the Inapa title in the first quarter was similar to that registered by PSI-20 index, while in the second quarter it was below the index. The performance of the title was better to the one of Sequana and Antalis, and inferior to the other pairs of the industry.

Inapa trading volumes in the first half were below the 2017 average, with similar volumes in the first and second quarters of 2018, with an average daily volume of 80,000 transacted shares, however with a slight increase in the second quarter regarding the previous one.



Preferred shares as of June 30, 2018 had a price of € 0.10, with transactions in only 11 sessions and having been traded only 21 thousand shares during the first half of the year.

4. Interim Consolidated Accounts

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED INCOME STATEMENT FOR THE PERIOD ENDED JUNE 30, 2018
(Amounts in thousands of Euros)

	Period Ended	
	JUNE 30, 2018	**JUNE 30, 2017**
Tonnes *	**380 525**	**422 921**
Sales and Services rendered	441 526	459 204
Other income	8 880	11 624
Total Income	**450 406**	**470 828**
Cost of Sales	-362 316	-377 180
Personnel Cost	-37 301	-38 391
Other costs	-41 054	-43 452
	9 736	**11 805**
Depreciations and amortizations	-2 871	-2 900
Gains / (Losses) in associates	20	21
Net financial function	-6 671	-6 539
Net profit before income tax	**214**	**2 387**
Income tax	-149	-1 863
Net profit / (loss) for the period	**65**	**523**
Attributable to:		
Shareholders of the company	65	523
Earnings per share on continuing operations		
Basic	0,0001	0,0012
Diluted	0,0001	0,0012

* Non audited

INAPA - Investimentos, Participações e Gestão, SA

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF JUNE 30, 2018 AND DECEMBER 31, 2017
(Amounts in thousands of Euros)

	JUNE 30, 2018	DECEMBER 31, 2017 (Restated)
ASSETS		
Non-current assets		
Tangible fixed assets	72 516	70 714
Investment property	-	1 318
Goodwill	188 481	188 481
Other intangible assets	118 852	118 728
Investments in associate companies	1 118	1 097
Available-for-sale financial assets	22	16
Other non-current assets	3 842	10 545
Deferred tax assets	22 600	21 778
Total non-current assets	**407 431**	**412 678**
Current Assets		
Inventories	66 668	65 128
Trade receivables	138 054	126 573
Tax to be recovered	7 255	5 982
Other current assets	37 118	40 771
Cash and cash-equivalents	14 494	19 302
Total current assets	263 590	257 757
Total assets	**671 021**	**670 435**
SHAREHOLDERS' EQUITY		
Share capital	180 135	180 135
Share issue premium	450	450
Reserves	25 012	26 313
Retained earnings	-21 608	-21 807
Net profit for the period	65	210
	184 054	185 301
Non controlling interests	-	-
Total shareholders' equity	**184 054**	**185 301**
LIABILITIES		
Non current Liabilities		
Loans	207 445	201 798
Financing associated to financial assets	43 952	43 952
Deferred tax liabilties	46 720	46 661
Provisions	232	489
Employee benefits	6 120	6 731
Other non-current liabilities	889	3 628
Total non-current liabilities	**305 360**	**303 260**
Current Liabilities		
Loans	56 261	69 979
Trade payables	85 616	72 424
Tax liabilities	17 675	13 178
Other current liabilities	22 055	26 293
Total current liabilities	181 607	181 874
Total shareholders' equity and liabilities	**671 021**	**670 435**

5. 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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