

Portucel
Empresa Produtora de Pasta e Papel, S.A.
Public Company

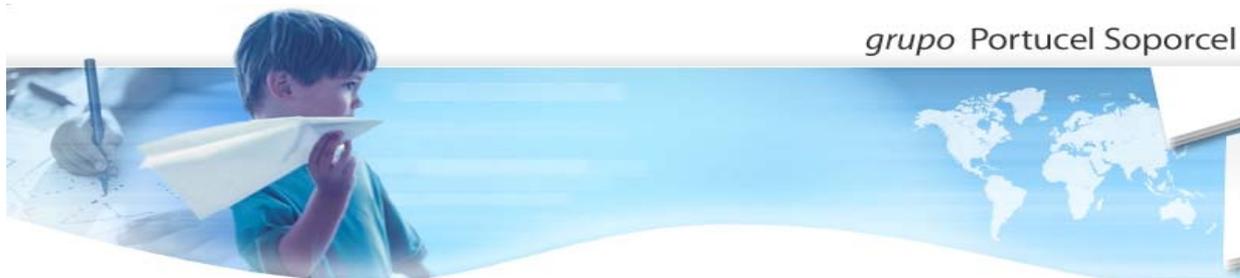
Registered under no. 05888/20001204 in the Commercial Registry Office of Setúbal
Share Capital: € 767 500 000
Tax ID Code 503 025 798

Interim Results
1st Semester of 2008



Did you know that...

The Portucel Soporcel Group is doing more to increase the area of Portuguese forest than anyone else?



In the 1st Semester of 2008 (vs. 1S 2007):

- Turnover of € 594.5 million (+5.0%)
- EBITDA of € 150.1 million (-14.1%)
- Operating results of €107.2 million (-12.2%)
- Net profit of € 75.9 million (-1.3%)

	1H 2008	1H 2007	% Change 08/07
(10 ³ tons)			
Production			
Uncoated woodfree papers (UWF)	521.9	522.4	-0.1%
Eucalyptus bleached pulp	683.6	664.8	2.8%
Sales			
Uncoated woodfree papers (UWF)	523.0	520.5	0.5%
Eucalyptus bleached pulp	284.3	270.2	5.2%
Average selling prices (2007=100)			
Paper	102.4	100.0	2.4%
Pulp	105.5	100.0	5.5%

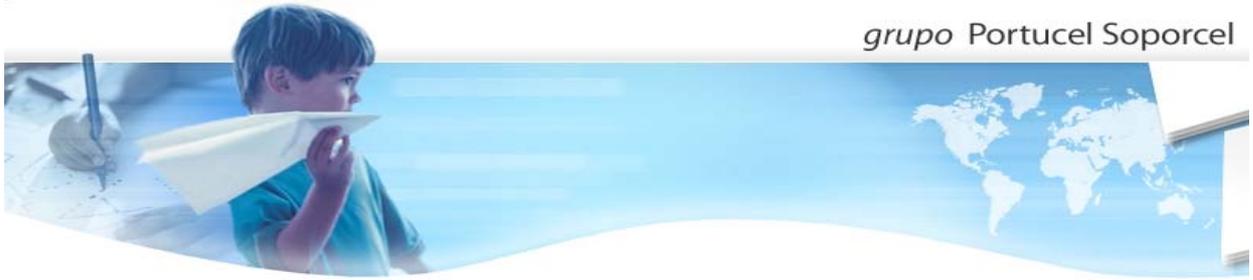
	1H 2008	1H 2007	% Change 08/07
(10 ⁶ Euros)			
Total sales	594.5	566.4	5.0%
EBITDA ⁽¹⁾	150.1	174.7	-14.1%
EBITDA / Sales (%)	25.2%	30.8%	-5,6 pp
Operating results	107.2	122.1	-12.2%
Financial results	- 10.7	- 13.6	21.3%
Net earnings	75.9	76.9	-1.3%
Cash Flow ⁽²⁾	118.8	129.4	-8.2%
Net debt	397.0	417.0	-4.8%
Capex	105.8	7.8	+ 98,0

⁽¹⁾ - Operating results + depreciation + provisions

⁽²⁾ - Net earnings + depreciation + provisions

⁽⁺⁾ - The percentage variation corresponds to unrounded amounts

⁽⁺⁺⁾ - Variation between 2007 and 2008 in absolute value



RESULTS

In the 1st semester of 2008, turnover reached € 594.5 million, an increase of 5.0% over the 1st semester of 2007. Paper represented 70% of turnover, pulp 22%, and the remaining 8% is essentially attributable to the sale of energy.

This favourable performance comes from an increase in the volume of sales, both of pulp and, although to a lesser degree, of paper, together with the upwards evolution in the respective prices.

Nevertheless, EBITDA decreased by 14.1% in relation to the same period of the previous year, reaching € 150.1 million, which corresponds to an EBITDA / sales margin of 25.2%.

This downwards slide in EBITDA resulted from the accentuated increase in the cost of some production factors, especially wood, which was further aggravated by the need to once more import it in the quantities necessary to reinstate an appropriate level of stocks, given the unstable supply situation in this market, with the corresponding impact on transport costs.

The major hike in prices in most commodities in this period similarly led to cost increases, both in the main chemical products used and in logistics.

Lastly, there was also an increase in staff costs, although conditioned by non-current or contingent items, without which this increase would have been moderate. Staff costs are not comparable with the previous year as there have been significant alterations in the respective scope, resulting from the endogenization of some activities which were previously carried out by way of subcontracting.

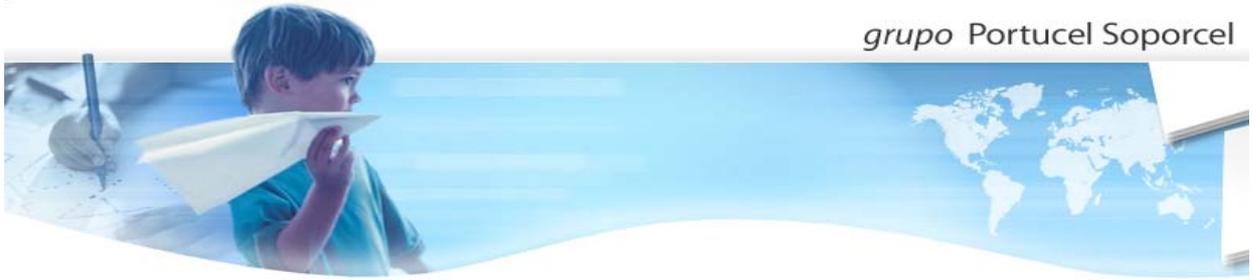
Within this context, operating results reached € 107.2 million, 12.2% lower than in the 1st semester of 2007.

Financial results were € 10.7 million negative, an improvement of 21.3% in relation to the corresponding period in 2007, which was essentially due to a reduction in net indebtedness. The reduction in the amount of debt helped to counter the effect of increasing interest rates. Another contributing factor to this improvement was also the result of a number of well-timed exchange and interest rate hedging operations taken out.

Hence, consolidated net earnings of the year amounted to € 75.9 million, slightly below that of the equivalent period of the previous year, a contributing factor being that tax provisions in this period were lower than those for the same period in 2007.

Investments

The investment in fixed assets in the 1st semester of 2008 was € 105.8 million, compared with € 7.8 million in 2007. This significant increase is justified by the intensification in payments made under



the current investment plan, a main item of which is the construction of a new paper mill in Setúbal.

The construction of this new mill, which will house the machine with the largest production capacity of uncoated printing and writing paper in the world, is going at a good pace and in line with schedule, with start-up planned for mid-2009.

Debt

Notwithstanding the major increase in the level of investment mentioned above, the Group's net debt for the half-year was € 20.0 million lower than in 2007, although it had increased by € 29.3 million in relation to the end of 2007.

The acceleration in the pace of investments will naturally increase the current level of indebtedness, which is, however, perfectly compatible with maintaining the high indices of financial robustness which are typical of the Group and which place it in a clearly outstanding position amongst the other companies in the sector.

BUSINESS EVOLUTION

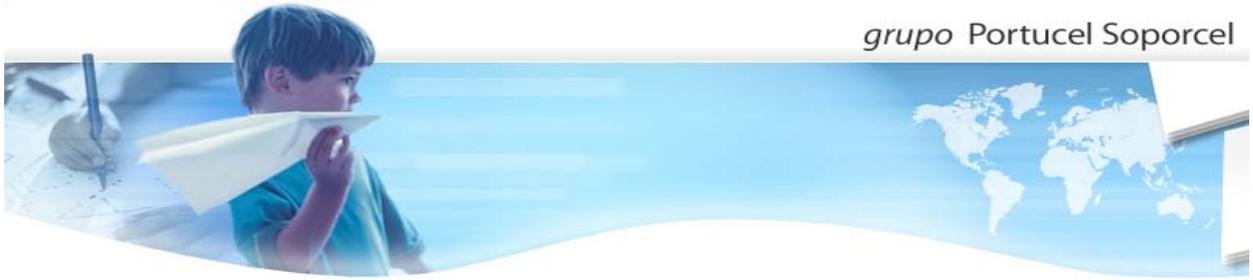
PAPER

The Market

The cooling of the economies of the main markets for Portucel's business, Europe and the United States of America, which continued into the first half of this year, led to a contraction in the level of global demand for uncoated woodfree paper in both markets in the first semester of 2008.

As a result, the process of reducing production capacity in this business segment in Europe continued with the closure of less efficient installations, estimated at around 250 000 tonnes in the first semester of 2008 in relation to the same period of the previous year. In this context, and in spite of the reduction in demand in Europe and the contraction in the exports of European producers, implying a reduction in total sales, the European industry managed to achieve operating rates of around 95%.

There was a similar trend in the USA, or rather, a reduction in demand and a concomitant additional reduction in capacity, with the operating rates of the industry reaching 93%, in line with the same period in 2007.



Prices

The Group's average sale price evolved positively, with growth of 2.4% over the same period of 2007, in line with the evolution of reference prices in the European market.

Activity

The Group's overall sales of paper in the 1st semester of 2008 rose to 523 thousand tonnes, 0.5% more than the same period of the previous year, corresponding to an increase of 2.5 thousand tonnes. This increase in sales was sustained by an improvement in the sales mix of the Group's papers, with reinforced sales of premium products, in particular in the European market, in spite of the adverse climate.

There was a further positive evolution in terms of sales by format, with an increase of 5 thousand tonnes in products transformed into sheets, with the volume of reels being reduced by 2.5 thousand tonnes.

These results consolidated the trend of years previous, comparing very favourably with the structure of the European market.

With regards to segmentation by quality, a new all-time record was achieved for the Portucel Soporcel group with an increase of 4.5% in the volume of sales of premium products, which represented 73% of the volume sold in the first semester of 2008 (growth of 3 points in relation to the same period of 2007).

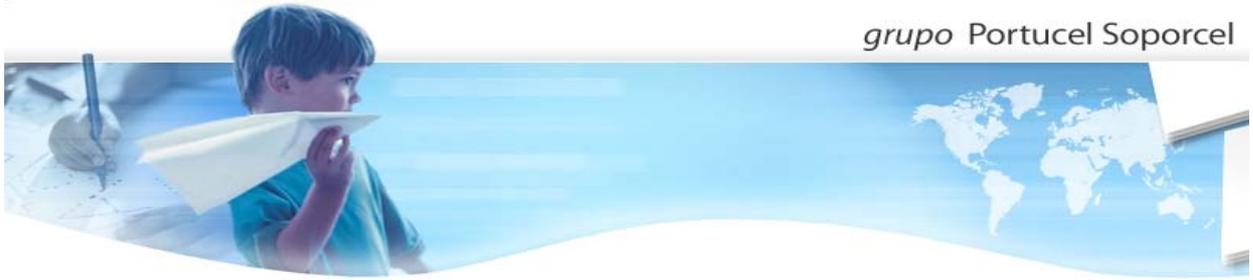
The Group's performance in Europe, which was above market, represented an additional boost in the Portucel Soporcel group's market shares in the strategic European markets.

PULP

The Market

In terms of the eucalyptus pulp market, in spite of the cool down in the North American and Euro Zone economies, the situation still remained positive throughout the 1st semester. In fact, certain restrictions on the obtaining of wood in Canada, in Indonesia and, especially, in Nordic countries, together with a low level of stocks amongst producers and users, as well as the continuing importance of the Chinese market as a balancing factor on the demand side, maintained purchaser pressure on short fibres, namely eucalyptus, thereby prolonging the situation experienced in the previous year.

Currency exchange trends, in relation to the USD, of the currencies of the most important pulp



producing countries (short and long fibres) has been the main driver for keeping pulp prices at interesting levels. For example, the BRL of Brazil, the country which is the main producer of eucalyptus pulp, appreciated 12.8% in the 1st semester of the year against the North American currency.

Prices

During the 1st semester of 2008 there was an increase in USD of around 7.7% in the PIX index of BHKP. In spite of the fact that the devaluation of the North American currency in relation to the Euro in this period did not allow the corresponding value in Euros to accompany this growth, the Group's average sale price evolved positively, growing by 5.5% in relation to the same period of 2007.

Activity

The Group's sales of pulp in the 1st semester of 2008 totalled 284.3 thousand tonnes, 5.2% more than the same period for 2007, corresponding to an increase of 14.1 thousand tonnes.

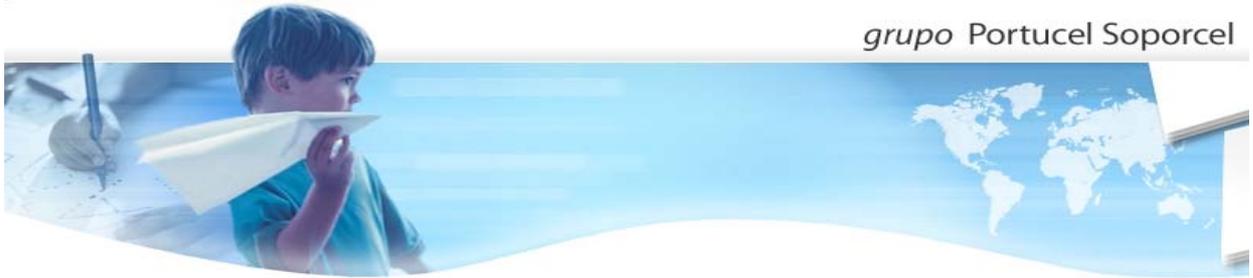
In terms of sales by paper segments, the Group continues to lead in the higher value-added segments, a factor which is demonstrative of the intrinsic qualities of the pulp produced with *Eucalyptus globulus*.

OUTLOOK FOR THE 2ND SEMESTER

The next quarters, according to most forecasts available, will continue to see a slowdown in the main world economies as a result of the financial and real estate crises and of the impact caused by the enormous increase in the price of food products and of the main raw materials. This atmosphere necessarily reflects on the Group's activity, increasing the factors of uncertainty which are inherent to the business.

The slowdown in demand in the main uncoated woodfree paper markets should continue, although this will in part be compensated by a net reduction in installed capacity. The present currency exchange levels will continue to attract greater volumes of imports into Europe and make exports more difficult, increasing domestic competition.

With regards to the pulp market, besides the currency exchange aspect, a decisive factor will be the effective variation in global productive capacity, resulting from the investments in new capacity and from the inevitable closure of less competitive units. In terms of costs, the persisting excessively high levels of costs of the main production factors is looked on with concern, although it is hoped that the economic cool-down may invert some of the trends witnessed so far.



The Group will continue to carry out its investment plan, with particular note for the construction of the new paper mill which will be installed in its industrial complex in Setúbal, which will have a nominal capacity of 500 thousand tonnes and will make the Group the main European producer of uncoated printing and writing paper.

Also worthy of note are the investments in hand in the area of energy, with special mention for the new natural gas cogeneration plant, which will supply the new paper mill at Setúbal, the two new biomass plants in the industrial complexes of Cacia and Setúbal and a new turbine for the biomass cogeneration plant at Figueira da Foz, projects which will correspond to an investment of around € 175 million.

As has already been made known, the Group maintains its decision to grow in Portugal and overseas and has been analysing diverse investment opportunities, specifically in Latin America and in Africa, regions where the natural environment favours the indispensable conditions of forest productivity.

Setúbal, 20 August 2008