

**Portucel**  
**Empresa Produtora de Pasta e Papel, S.A.**  
**Sociedade Aberta**

Matriculada sob o nº. 05888/20001204 na Conservatória do Registo Comercial de Setúbal  
Capital Social: €767 500 000  
N.I.P.C. 503 025 798

**Interim results**  
**1st quarter of 2007**  
(unaudited)





**In the 1st quarter of 2007:**

- Turnover totalled €279.7 million (+8.2%)
- EBITDA reached €86.5 million (+12.7%)
- EBITDA rose by 1.2 percentage points (from 29.7% to 30.9%)
- Operating results of €65.7 million (+22.6%)
- Net profit was €39.4 million (+8.0%)

**Summary of key indicators – IFRS**

	Q1 2007	Q1 2006	% Change 07/06
(10 <sup>3</sup> tons)			
<b>Production</b>			
Uncoated woodfree papers (UWF)	255.6	244.6	4.5%
Eucalyptus bleached pulp	333.0	310.6	7.2%
<b>Sales</b>			
Uncoated woodfree papers (UWF)	255.7	239.8	6.6%
Eucalyptus bleached pulp	139.4	141.3	-1.4%
<b>Average selling prices (2006=100)</b>			
Pulp	105	100	5.3%
Paper	101	100	0.6%
	Q1 2007	Q1 2006	% Change 07/06 (++)
(10 <sup>6</sup> Euros)			
<b>Total sales</b>	279.7	258.5	8.2%
<b>EBITDA <sup>(1)</sup></b>	86.5	76.8	12.7%
<b>EBITDA / Sales (%)</b>	30.9%	29.7%	+ 1.2 pp
<b>Operating results</b>	65.7	53.6	22.6%
<b>Financial results</b>	- 7.5	- 9.2	18.2%
<b>Net earnings</b>	39.4	36.4	8.0%
<b>Cash Flow <sup>(2)</sup></b>	60.1	59.6	0.9%
<b>Net debt</b>	424.6	683.9	-37.9%
<b>Capex</b>	2.4	4.9	-50.0%

(1) Operating results + depreciation and amortisation + provisions

(2) Net earnings + depreciation and amortisation + provisions

(+) The results for the 1st quarter of 2006 were restated due to the change in criteria to calculate amortisation and depreciation: in the 1st half of 2006 the Company revised the remaining useful life of its assets, which from 31 December 2005 is estimated as an average of 14 years. For comparability purposes the depreciation quotas for the 1st quarter of 2006 were thus recalculated.

(++) % Change for non rounded figures



## Results

In the 1st quarter of 2007 the Group's turnover reached €279.7 million, corresponding to a year-on-year increase of 8.2%. 70% of total turnover was generated by paper, 23% by pulp and the remaining 7% essentially by energy sales.

The Group's key indicators showed an overall positive evolution in the 1st quarter of 2007, with a 12.7% EBITDA growth to €86.5 million, and an improvement in the EBITDA/sales margin by 1.2 percentage points, to 30.9%.

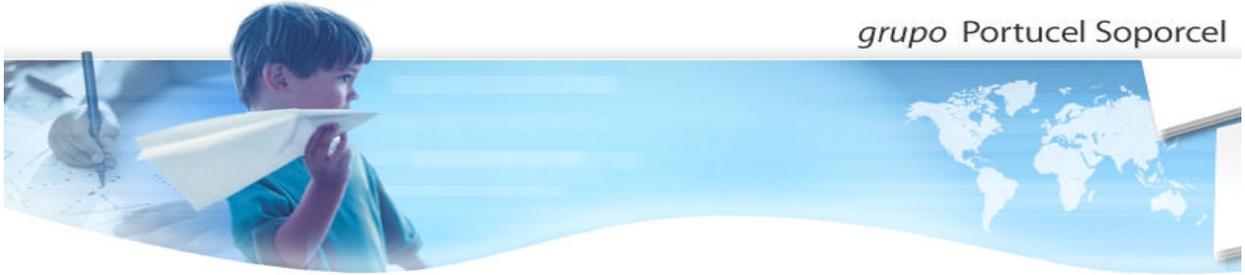
A major contributor to this performance was the increase in both the volume of paper sales and paper selling prices. Improved efficiency was another important factor. This was achieved through the reduction in several variable unit production costs, namely energy, as a result of the efficient operation of the new recovery boilers of the Cacia and Figueira de Foz mills. This improvement partially offset the rise in the cost of raw material resulting from the need to import wood. The Company should continue to import wood during the year and therefore a new increase in its acquisition cost is to be expected.

Operating results thus reached €65.7 million, rising by 22.6% versus the 1st quarter of 2006.

Financial results, at -€7.5 million, show a year-on-year improvement of 18.2%. This was achieved through a strong reduction in the net debt, which more than made up for the significant rise in interest rates.

Net consolidated earnings thus reached €39.4 million in the first quarter of 2007, rising by 8.0% on the same period last year.

Investment in fixed assets totalled €2.4 million in the period, which compares with €4.9 million in 2006. These expenditures will rise significantly over the coming quarters through the execution of the investment plan that was approved and disclosed in due time.



The Group's net debt was reduced by €259 million when compared to the 1st quarter of 2006 and by €55.5 million versus the 2006 year-end. The payment of dividends on the 2006 results, which took place in the 2nd quarter, and the acceleration in the pace of investment will naturally lead to an increase in the current level of the debt, the Group's financial balance being at all times preserved.

## Sales

Paper sales reached 255.7 thousand tonnes in the 1st quarter of 2007, which is 4.5% more than in the same period last year. This increase was supported by improved market conditions, namely strong demand for paper in Europe, which allowed for a 5.3% year-on-year increase in the Group's average selling price of paper

As a result of this positive evolution in both volume and price, the value of paper sales rose by 12% against the 1st quarter of 2006.

In turn, production of bleached eucalyptus kraft pulp (BEKP) came to 333 thousand tons in 2006, translating a year-on-year increase of 7.2%. The Group sold 139,4 thousand tonnes of pulp, a slight decline compared to the 1st half of 2006 that resulted from greater integration of eucalyptus pulp into paper production.

The average eucalyptus pulp PIX price in USD increased by 11.3% in the 1st quarter of 2007. However, the depreciation of the dollar versus the European currency did not allow this increase to pass through to the price of pulp in euro and therefore the Group's average selling price of pulp registered only a slight increase of 0.6% when compared to the 1st quarter of 2006.

In value, pulp sales were 1% lower than in the 1st quarter of 2006.



## Outlook

The outlook for the evolution of market conditions in 2007, which are essentially determined by the level of demand for pulp and paper, may be considered moderately positive.

However, the Group's performance may be adversely affected by a number of factors, namely the evolution of the EUR/USD exchange rate, the need, already referred, of importing large quantities of wood, and the rise in the cost of other production factors, such as chemical products.

At the beginning of April, the Executive Committee announced the approval of the incentives granted by the Portuguese State for the new paper mill to be built in Setúbal. These incentives have a nominal value of €52.4 million, corresponding to a net present value of €38 million. The financial support for the project of the Figueira da Foz mill - nominal value of €67 million, corresponding to a net present value of €48 million – is still pending a final decision.

The new Setúbal mill will have nominal capacity of 500 thousand ton/year, requiring an initial estimated investment of approximately €500 million. It is prudent to assume that this amount might suffer an increase as a result of the significant rise lately suffered by several of the underlying cost factors. The Group plans to start building the new unit in the 3rd quarter of 2007, with production start-up scheduled for the 2nd quarter of 2009.

Setúbal, 30 April 2007