

500 thousand tons/year additional capacity as from 2009
Portucel group awards contract for new paper machine

Portucel group signed a contract with METSO Paper Oy, one of the world leading suppliers of paper machines for the production of high quality printing and writing papers, for the acquisition of a new paper machine to be installed in its Setúbal industrial site. Representing the core equipment of the new paper mill, it has a wire width of 11.1 meters and will produce 500,000 tonnes annually, making it the biggest and more sophisticated machine in the world for the production of uncoated woodfree paper (UWF). The new machine is scheduled to come on stream on August 2009.

Built with state-of-the-art technology, the new machine will produce high-quality office papers, segment where the Group is today a worldwide reference.

Representing a total investment of € 550 million, the new paper mill will allow the integration of the entire pulp production of the Setúbal industrial site into paper.

Portucel group total paper production capacity will thus increase to some 1.5 million tonnes/year, maintaining the 1.3 million tonnes/year of eucalyptus pulp production. This increase will significantly reinforce the Group's competitiveness in the global paper market, allowing the leadership in the European UWF market and further expand the relevant position already achieved in the North-American market.

The project and the new paper mill operation will be deployed respecting the demanding environmental standards established for this project in accordance with the standards applied in Portugal and at European Community level.

Strong impact in the national economy

The project will have a strong impact on the national and regional economy, immediately creating 355 direct, highly skilled jobs besides indirect jobs and mobilising 1,200 workers at the peak of the mill's construction period.

It is important to stress the increased relevance of a Portuguese company in a sector that is highly structuring for the national economy, and accounts for a significant share of the Portuguese GDP and trade balance: more than 92% of the Group's paper and pulp production is sold in the international markets, representing 3% of the Portuguese exports of goods in 2006.

This project is part of an ongoing plan of technological development, modernisation and reduction of Portucel group mill's impact on the environment, involving a total investment of around € 900 million.