

Press release - 2006.02.23

To become the leader in uncoated woodfree paper market

Grupo Portucel Soporcel invests € 900 million, of which € 490 million in a new paper mill at Setúbal

- € 490 million investment in a new uncoated printing and writing paper mill at Setúbal industrial site, within an undergoing plan for technological modernization and environmental minimization impact, in a total investment of € 900 million
- Contribution to the strengthening in Portugal of a Group that exports approximately 93% of its production, in a relevant industry with high national value added
- Nominal capacity production of the new paper machine, the largest and fastest in the world, of 500 thousand tons / year
- Creation of 355 new highly qualified direct jobs, half of which will integrate the Groups labour force, and involvement of 1200 workers at the peak of the mill construction
- Estimated start-up in the second half of 2008
- Construction of a new plant of combined cycle CHP with natural gas (80 MW)
- Compliance with the most strict environmental requirements

Grupo Portucel Soporcel board has decided to go ahead with the construction of a new paper mill, at its Setúbal mill site, in an estimated investment of approximately € 490 million. This investment will reinforce significantly the Group's competitiveness in the paper market, conferring a leadership position in the European uncoated woodfree fine paper market.

This investment will have a strong impact in the Portuguese national and regional economy, namely in terms of job and wealth creation along the Eucalyptus forest chain value. It is made by a Portuguese group in a relevant industry for the national economy, with a very significant weight in the country's GDP and commercial balance: approximately 93% of the Group current production is directed to the international market, representing, in 2004, almost 3% of Portuguese exporting goods.

The production of the new paper mill will allow to further expand the Group market share in the European market and strengthen the commercial position already conquered in the North American market. It allows to reinforce the Group commercial strategy of investing in differentiated products, of the highest quality and value added, and to

provide the necessary production capacity to satisfy the growing demand for the Group products and brands in the market.

The new industrial unit will receive the largest and fastest uncoated woodfree paper machine in the world, state of the art equipment, with nominal paper production capacity of 500 thousand tons per year. This investment will allow to fully integrate Setúbal mill pulp production into paper. As such, total paper production capacity will increase to approximately 1,5 million tons / year, reinforcing the Group's position as one of sector key players in Europe and worldwide.

This project is included in a development and technological modernization plan as well as an environmental minimization impact plan, already underway, involving a global investment of € 900 million.

The construction of this unit at Setúbal will allow the creation of 355 new highly qualified jobs, half of which will integrate the Group labour force. It will also involve hundreds of workers during one year and a half, the time necessary for the construction and the development of the project; at the peak of the mill construction it is estimated that 1200 workers will be involved. This fact gives this investment enormous relevance to Setúbal regional economy.

The project of this new paper unit is also associated with the installation, in the perimeter of Setúbal industrial site, of a new plant of combined cycle CHP with natural gas (80 MW), which will allow to satisfy the new paper mill needs for electric power and steam. This plant will produce important excess capacity of energy that will be supplied to the national grid.

It is noteworthy that the whole project will comply with the most demanding environmental standards established in Europe and that the architectural concept as well as the volumetrical aspect of the new mill are idealized to satisfy the Setúbal bay natural requirements.