DIVULGAÇÃO DOS RESULTADOS DO 3º TRIMESTRE DE 2012

3rd QUARTER RESULTS 2012

O PAPEL DE PORTUGAL NO MUNDO É MAIS IMPORTANTE DO QUE IMAGINA

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PORTUCEL, S.A.

SOCIEDADE ABERTA

PUBLIC LIMITED COMPANY

SEDE: MITRENA, APARTADO 55, 2901-861 SETÚBAL I N.I.P.C. 503 025 798 - CAPITAL SOCIAL € 767 500 000
MATRICULADA NA CONSERVATÓRIA DO REGISTO COMERCIAL DE SETÚBAL
HEADQUARTERS: MITRENA, APARTADO 55, 2901-861 SETÚBAL I CORPORATE ENTITY 503 025 798 - SHARE CAPITAL € 767,500,000
REGISTERED AT THE COMMERCIAL REGISTER OF SETÚBAL

Highlights for the first 9 months of 2012 (vs 9 months 2011):

- Turnover grows by 1.2%
- Exports total € 922.7 million
- EBITDA of € 282.8 million
- Net income of € 160.2 million
- Increased share of European paper market
- Net Debt cut by € 118.8 million
- Net Debt / EBITDA ratio improves to 1.0
- The Group now owns the largest nurseries for certified forest plants in Europe

Financial Highlights – IFRS

Million euros	9 Months 2012	9 Months 2011	% Change (5) 9M 12/ 9M 11
Total sales	1 109,5	1 095,9	1,2%
EBITDA (1)	282,8	288,0	-1,8%
Operating profits	213,4	190,6	12,0%
Financial results	- 12,9	- 15,3	-15,8%
Net earnings	160,2	144,1	11,2%
Cash Flow (2)	229,6	241,5	-4,9%
Capex	18,0	17,0	1,0
Net debt (3)	390,9	509,7	-118,8
EBITDA / Sales (%)	25,5%	26,3%	
ROS	14,4%	13,1%	
Equity ratio	52,2%	52,3%	
Net Debt / EBITDA (4)	1,0	1,3	

	Q3 2012	Q2 2012	% Change (5) Q3 12 / Q2 12
Total sales	366,8	389,7	-5,9%
EBITDA (1)	95,7	93,5	2,3%
Operating profits	72,2	70,8	1,9%
Financial results	- 4,1	- 5,0	-18,9%
Net earnings	54,5	53,4	2,0%
Cash Flow (2)	78,0	76,1	2,5%
Capex	6,1	5,8	0,3
Net debt (3)	390,9	488,4	-97,5
EBITDA / Sales (%)	26,1%	24,0%	
ROS	14,9%	13,7%	

(1) Operating results + depreciation + provisions
(2) Net profits + depreciation + provisions
(3) Includes market value of treasury stock
(4) EBITDA corresponds to the last 12 months
(5) Percentage variation corresponds to figures before rounding up/down

1. ANALYSIS OF RESULTS

9 Months of 2012 vs. 9 Months of 2011

In a particularly harsh business environment, marked by a severe economic downturn, the Portucel group's consolidated turnover grew by 1.2% over the first nine months of 2012, standing at € 1,109.5 million. This growth was achieved on the strength of growing output and sales of uncoated woodfree (UWF) printing and writing paper, and excellent operational performance in the energy sector.

The international economic situation has directly contributed to increased unemployment and caused a downturn in paper consumption. Despite the difficulties this creates, the Group achieved extremely positive performance, with sales growing approximately by 3% in quantity. With the price of paper relatively steady, the value of paper sales increased by also around 3% in relation to the first nine months of 2011.

In bleached eucalyptus pulp (BEKP) business, turnover was down by 18%, due in part to the maintenance stoppage at the Setúbal industrial complex in September and also to the smaller volume of pulp available for sale on the market, as a result of increased paper output, incorporating larger quantities of pulp. In terms of prices, despite a positive trend observed over the year, the average pulp price was lower than for the first nine months of 2011, with the result that pulp sales recorded a reduction of 20% in value in comparison with the same period last year.

As already mentioned, the energy sector performed well, with power sales to the national grid totalling 1 264 GWh, representing growth over the same period last year of 2.4%.

Although the trend over the year has been positive for some of the production costs, in particular for the cost of raw materials, chemicals and personnel expenditure, this was not enough to offset a significant increase in the cost of electricity and natural gas of almost € 29 million, as well as in logistical costs, meaning that the Group recorded an overall increase in total production costs. The industrial disputes which occurred in September in port operations also had negative consequences for the Group's logistical costs. We should point out that Portucel is the largest exporter of containerized cargo in the Iberian Peninsula, accounting for some 10% of all containerized and conventional cargo exported through Portuguese ports.

In this context, consolidated EBITDA stood at € 282.8 million, which represents a reduction of 1.8% and an EBITDA / Sales margin of 25.5%, down 0.8 percentage points on the margin recorded in 2011.

Operating results stood at € 213.4 million and compare favourably with the same period in 2011, having been positively influenced by the reversal of provisions of approximately € 9.5 million, as well as by a reduction in the value of depreciation over the period, due to the normal life cycle of the Group's industrial assets.

The Group recorded negative financial results of € 12.9 million, which compare favourably with the negative results of € 15.3 million recorded in 2011. This improvement was due essentially to a reduction in the Group's net debt, and to a drop in the respective average borrowing cost, as a consequence of the downward trend in interest rates.

As a result, consolidated net income for the period stood at € 160.2 million, representing an improvement of 11.2% over the previous year.

3rd quarter 2012 vs 2nd quarter 2012

Turnover in the third quarter of 2012 totalled € 366.8 million, down by 5.9% on the previous quarter, due fundamentally to a reduction in pulp and paper sales in quantity. Only energy business recorded positive growth, expanding by around 2%.

In paper business, seasonal factors typically observed in the third quarter had a negative impact on the Group's sales, which dropped by approximately 8% from the second to the third quarters.

Performance in BEKP pulp was similar, with sales to the market falling by 11%, hit by the maintenance stoppage already referred to and by the slowdown in the pulp market over the course of the third quarter, particularly in July and August.

In terms of operational performance, 3rd quarter EBITDA stood at € 95.7 million, up by 2.3%, although the comparison is influenced by a number of one-off events which affected the value of EBITDA in the second quarter. The EBITDA / Sales margin stood at 26.1%, representing an improvement of 2.1 percentage points.

Operating results evolved along similar lines, standing at € 72.2 million. The Group recorded net income of € 54.5 million, representing an increase of 2.0%.

2. MARKET ANALYSIS

2.1 UWF Paper

The world market in printing paper has been severely hit by the harsh economic climate, which has necessarily undermined the main consumer markets for these products. The downturn was sharpest in European and North American markets.

Uncoated woodfree paper – encompassing all of the Group's paper products – was naturally not immune to this situation, with consumption falling by around 4%, both in Europe and the United States. This performance was largely offset by livelier demand from emerging markets, with the result that the negative trend worldwide is estimated at half a percentage point. We should once again draw attention to the resilience of office paper consumption in Europe where, despite rising levels of unemployment and the pressure on companies to cut costs, the reduction in printing paper as a whole was lowest, at 1.6% in relation to the same period in 2011.

The capacity closures effected by a number of competitors in the sector in 2011, due to falling competitiveness, continued to have a beneficial effect on the market balance, and enabled the industry to operate at 92% of total capacity, both in Europe and the US, up from the figures recorded in 2011.

The US dollar rose strongly against the euro over much of the period, but, nevertheless, ended the third quarter 3% down in relation to the exchange rate recorded at the end of the previous quarter.

Accrued figures for the first nine months show that the Portucel group achieved new record sales. Net paper sale prices were up by 0.3%, in defiance of a reduction of 0.6% in the benchmark index for the sector, Copy B published by FOEX. This increase was due to improvement in the geographical sales mix and the positive foreign exchange effect.

The Group continued to improve its market penetration in Europe, winning new business in excess of 82 thousand tons and bringing its market share close to 17%.

The Group's mill brands are, of course, one of the central pillars of its commercial strategy. Its leading brand, Navigator, achieved new sales records around the world, growing by 3.5% over the same period in 2011.

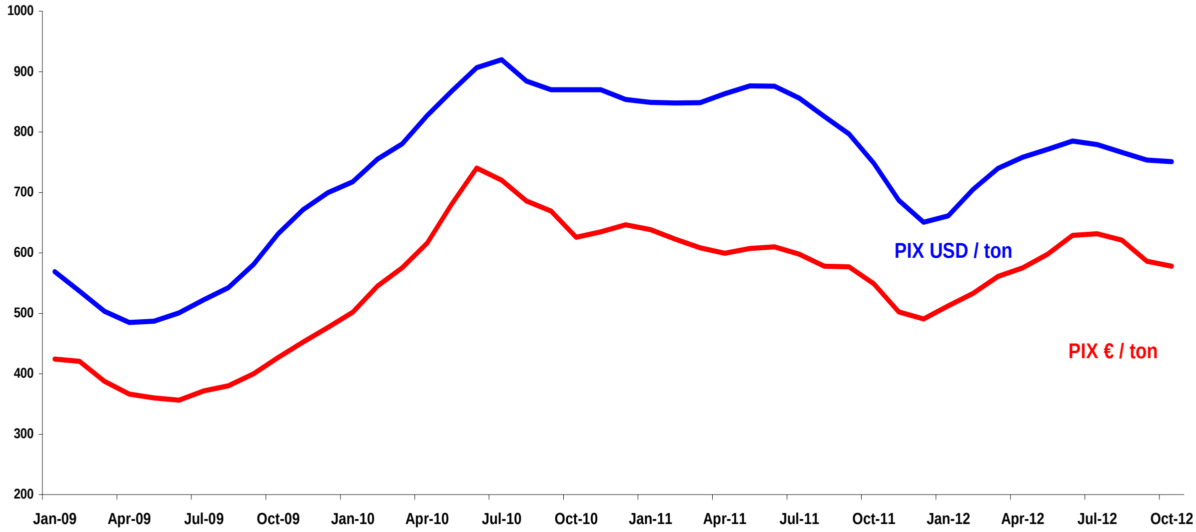
The Group was adversely affected by a rise in logistical costs, resulting from strong inflationary pressures in this sector. However, substantial savings were achieved by significantly increasing direct deliveries to customers and by cutting total stocks of finished paper and unfinished products by the equivalent of five days' sales.

2.2 BEKP Pulp

After a first half during which prices rallied, the BEKP pulp market contracted during the 3rd quarter of 2012, bearing out expectations of a slowdown in the sector, due mainly to the seasonal drop in business in the summer in European markets and the high levels of stocks in the Chinese market.

China continues to be a crucial player in the world pulp market and, despite the slowdown experienced in the summer, it continued to present robust consumption over the course of 2012, with a high level of pulp imports, in line with the figures for 2011. The pulp market appears in fact to be benefitting again from renewed buying activity on the part of the Chinese market, reflected in a wave of announcements of price increases from October onwards, in all markets, for both long and short fibre pulp.

PIX Index - BHKP - Monthly Evolution



In contrast, the highly complicated economic situation in various Euro Zone countries has caused not only a slowdown in the paper industry but also a certain amount of volatility on the foreign exchanges, which has generated instability in the industry and is unpropitious for any increase in USD prices, such as those recorded in the recent past.

As already mentioned, the Group's BEKP pulp sales in the first 9 months of 2012 dropped by 20%, caused by a reduction in the quantity of pulp available for sale over the period, due to the maintenance stoppages and also to increased incorporation into paper manufacture.

A breakdown of BEKP pulp sales by paper segment shows that the Group strengthened its position in segments with higher value added, comprising the special papers segment, which accounted for 64% of all sales, as compared to a figure of 58% for the first nine months of 2011.

An analysis of sales by destinations shows that all pulp sales went to European markets, home to manufacturers of higher quality paper where technical demands are more stringent and where the intrinsic qualities of the *eucalyptus globulus* pulp produced by the Group are more properly valued.

3. DEVELOPMENT

The Group has continued to advance with its investment project in Mozambique consisting, as mentioned in previous reports, of developing a forestry operation and constructing a pulp mill. This is a long term project which is still at an early stage, and efforts have so far focussed on field work to determine the most suitable eucalyptus varieties, to validate forestry models and to analyze logistical processes. This phase is expected to last a further 3 years, in order to conclude the plantation trials, to test new materials and upscale operations. Work is also proceeding on identifying alternatives for inbound logistics, for raw materials and other factors of production, as well as outbound logistics, for eucalyptus pulp.

In Portugal, the Group has followed up its investment in modernizing and doubling the capacity of its Espirra nurseries by concluding, in the third quarter, the first phase of the production season for cloned eucalyptus saplings, which will allow the Group, for the first time in its history, to produce around six million clones. This will make it possible to make better use of the Group's plantations and to provide high-quality, certified genetic materials for Portuguese forestry, with significant benefits for the sector's yields. With the conclusion of this capital project, the Group now owns the largest nurseries for certified forest plants in Europe, with annual production capacity of 12 million plants.

Another important objective in the Group's strategy is centred on certification of forestry management, and here too another important goal was achieved: the Group successfully renewed its forest management certification under the strict FSC and PEFC systems, bearing witness to its efforts and investment in implementing best forestry practise, biodiversity management plans and its plans for preventing and fighting forest fires.

Although this year's wildfire season is not yet officially over, the results are positive. The resources deployed to prevent and fight forest fires all operated correctly without any accidents, and despite the significantly adverse weather conditions observed, forest losses were kept to a low level. We should stress that the overwhelming majority of the incidents – 85% - to which our resources responded occurred on the property of third parties, illustrating the support provided to the national forest fire protection system. This summer season once again proved that professional and certified forest management is the best defence against the scourge of wildfires.

4. FINANCIAL

At the end of September, interest-bearing net debt stood at € 390.9 million, down by € 31.9 from year-end 2011. Cash generation in the first nine months was constrained by the stepping up of our policy for supporting raw material suppliers, by the disbursement of the final payments on capital projects from previous periods and by adoption of a supplier payment policy that takes into account the current difficulties faced in obtaining credit from the banks.

Financial autonomy stood at 52.2% at the end of June and the ratio of Net Debt to EBITDA improved to 1.0.

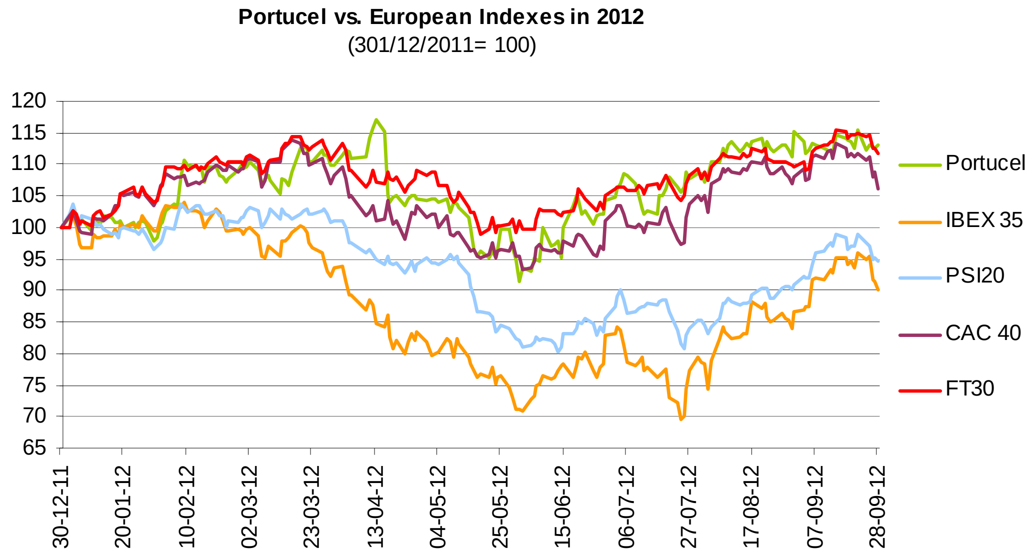
At 30 September 2012, the Group's gross long term debt stood at € 357.8 million, and its debt maturing in less than one year at € 380.4 million. This short term debt includes the Portucel 2005/2012 bond issue with a value of € 150 million euros, which will be repaid at the end of October 2012, as well as the Portucel 2005/2013 bond issue with a value of € 200 million, due to be repaid in May 2013. With a cash position of € 248.8 million, undrawn credit facilities of approximately € 80 million, excellent capacity for cash flow generation and the possibility of access to the debt market, the Group enjoys a comfortable level of liquidity, which will allow it to honour its commitments.

5. CAPITAL MARKETS

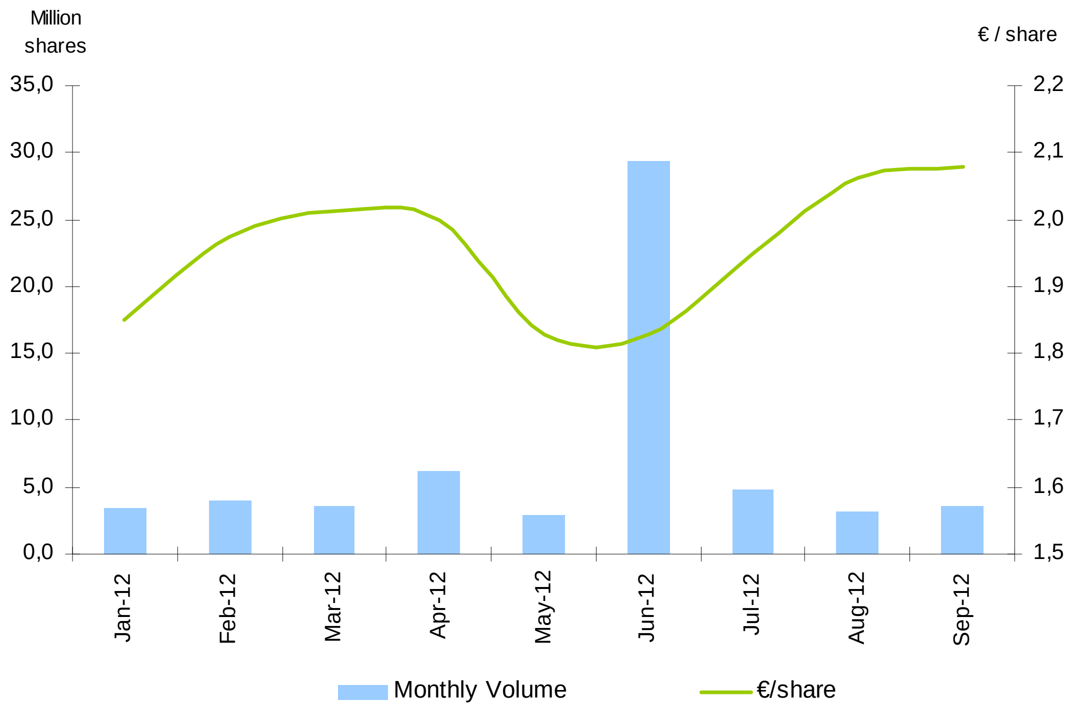
After a particularly poor second quarter, the leading European stock exchanges rallied over the course of the 3rd quarter. All the main markets recorded positive performance over this period, led by Frankfurt (up 12.5%), Lisbon (up 10.7%) and Madrid (up 8.5%). However, in the case of the Portuguese and Spanish stock exchanges, the recovery was not enough to offset the losses recorded in the first half of 2012, and the indexes were still down on the start of the year, by 10% for the IBEX 35 and 5.3% for the PSI20.

Amongst companies in the pulp and paper sector, stock market performance was also fairly positive in the third quarter, in particular for pulp producers in Latin America and for North American manufacturers. This positive performance also extends to the first nine months of 2012.

Portucel shares accompanied the positive trend, rising by 8.3%, from 30 June to 28 September. The share price stood at 2.079€/share at the end of September, which in accrued terms amounted to a gain of 13.1% since the start of the year. Average daily trading stood at approximately 177 thousand shares.



Portucel Average Share Price and Volume



6. OUTLOOK

Most available indicators continue to point to a slowdown in the main world economies and to a continued climate of extreme uncertainty, although the dynamic varies widely between countries and regions. In the more developed economies, structural issues continue to hamper economic growth, whilst the emerging economies continue to enjoy a fairly high level of growth, although still subject to widespread cooling.

In the Euro Zone, economic growth remains limited by strong tensions in the sovereign debt market and the knock-on effect of a severe contraction in lending to individuals and businesses. Other factors holding back growth include the public spending cuts underway in most European countries and the high level of unemployment in the region.

In the US, the main economic indicators also point to a slowdown and great uncertainties remain as to the fiscal policy for the coming years, which will have to include some degree of budgetary consolidation, and in relation to the political scenario after the presidential elections to be held this year.

A degree of cooling may also be observed in emerging markets, especially in China, as a result of lower demand from the developed economies and a degree of difficulty faced by these markets in evolving from a model of growth sustained almost entirely by exports to one based on internal demand.

In this difficult setting, and despite the resilience shown by the cut-size paper market in Europe and the positive impact of capacity closures in 2011, as well as the positive evolution in the USD/Euro exchange rate, factors which together have helped to provide some support for the market this year, the outlook for the near future in the markets where the Group operates remains extremely uncertain.

The expected persistence of the economic downturn, with its inevitable impact on employment levels, will continue to drive down paper consumption in the more developed economies, in particular in Europe and the United States, the Group's main markets.

There is also growing uncertainty as to the future of the pulp market. Whilst the rally in pulp prices in 2012 was one of the factors that helped sustain paper prices, by maintaining strong pressure on non-integrated producers, the evolution of this market will be an important factor in the Group's future performance.

As already mentioned, the BEKP pulp market has been sustained by strong demand from Asian markets, in particular China, despite the economic slowdown observed in this region. This demand has been encouraged by capital projects for non-integrated paper manufacture, especially for tissue paper, and by the policy promoted by the Chinese government of closing obsolete production plants. This positive performance by the Chinese market has offset a more recessive environment in Europe and the US, and if this situation remains unchanged, it could continue to sustain the pulp market. At the same time, rising costs in the main BEKP producer countries, in particular Brazil, together with the high level of debt of certain manufacturers and the strong pressure to extract returns from capital-intensive projects currently underway, could come together to hold up prices.

The start-up of new pulp mills, expected shortly in Brazil and Uruguay, is a significant sign of the vitality of the sector, but will also serve as a test of the market's capacity to absorb a substantial increase in the supply of BEKP pulp.

The Group's operations may in the short term be affected by labour disputes which have recently disrupted the port sector in Portugal, with damaging consequences for the country's industry, limiting exports or requiring companies to use more expensive logistical solutions.

Nonetheless, the Group enjoys a healthy order book and continues to operate at full capacity, placing nearly all its output on foreign markets, thanks to wide perception of the quality of its value proposition, excellent market penetration and awareness ratings for its own brands, and ongoing efforts to expand its markets.

Setúbal, 22 October 2012