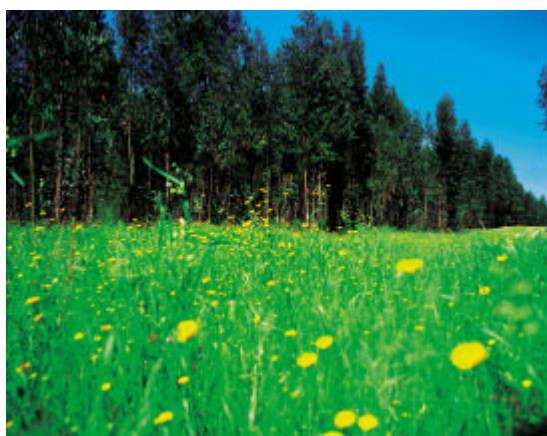


Portucel
Empresa Produtora de Pasta e Papel, S.A.
Sociedade Aberta

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 half of 2007





In the 1st half of 2007:

- Turnover totalled €566.4 million (+7.0%)
- EBITDA reached € 174.7 million (+17.2%)
- EBITDA margin rose by 2.7 percentage points (from 28.1% to 30.8%)
- Operating results came to €122.1 million (+21.7%)
- Net profit was € 76.9 million (+40.3%)

Summary of main indicators – IFRS

	1H 2007	1H 2006	% Change 07/06
(10 ³ tons)			
Production			
Uncoated woodfree papers (UWF)	522.4	502.4	4.0%
Eucalyptus bleached pulp	664.8	639.2	4.0%
Sales			
Uncoated woodfree papers (UWF)	520.5	495.4	5.1%
Eucalyptus bleached pulp	270.2	284.9	(5.1%)
Average selling prices (2006=100)			
Paper	105.2	100.0	5.2%
Pulp	99.3	100.0	(0.7%)
	1H 2007	1H 2006	% Change 07/06
(10 ⁶ Euros)			
Total sales	566.4	529.5	7.0%
EBITDA ⁽¹⁾	174.7	149.1	17.2%
EBITDA / Sales (%)	30.8%	28.1%	2.7%
Operating results	122.1	100.3	21.7%
Financial results	(13.6)	(16.0)	15.0%
Net earnings	76.9	54.8	40.3%
Cash Flow ⁽²⁾	129.4	103.5	25.0%
Net debt	417.0	664.4	(37.2%)
Capex	7.8	13.3	(41.4%)

(1) Operating results + depreciation and amortisation + provisions

(2) Net earnings + depreciation and amortisation + provisions



The market

In a scenario of economic growth and rising employment in Europe, the region witnessed a near stagnation in overall demand for uncoated woodfree papers, and a slight increase in demand for office papers.

Despite this stagnation, which also coincided with a reduction in exports, the European producers' operating rates were quite high in the period. This was due to the reduction in supply, which in Europe alone totalled more than 500 thousand tons of UWF in 2005 and 2006. This process continued during the first half of 2007, with the closing of another 110 thousand tonne paper mill.

The result was an increase in UWF paper's selling prices, the PIX index of A4 paper rising by 2.9% from December 2006 to June 2007.

In the USA, where consumption decreased when compared to the same period last year, the significant reduction of installed capacity which also occurred in the region, permitted an improvement in selling prices, with the RISI index of office paper rising by 12.9% from June 2006 to June 2007.

In the Far East, the vigorous Asian economies absorbed the sizeable capacity of the new local producers, namely in China and Indonesia.

As regards the market for eucalyptus pulp, demand remained strong throughout the first six months of the year. In fact, certain constraints on the availability of wood, combined with a low level of stocks in both producers and users, and the continuing of strong demand from China, led to accrued pressures on supply of short fibres, namely eucalyptus and birch. In addition, a widening differential between the price of long and short fibre also resulted in a natural shift from one to the other, further reinforcing demand for eucalyptus pulp.

The currency appreciation against the US dollar in countries that are major producers of both long and short fibre pulp also supported the good performance of pulp prices: since the beginning of the year the Brazilian real and the Canadian dollar gained respectively 10% and 9% against the North-American currency.

These factors allowed the price of eucalyptus pulp to stay at comfortable levels, even permitting the recent announcement of another price hike at a time of the year that is traditionally difficult due to the seasonality of demand for paper and consequent summer



stoppages for maintenance of the paper producers.

The BHKP PIX index thus registered a 4% increase in USD in the first half of the year, although the North-American currency's devaluation against the Euro in the period did not allow for a corresponding increase in the European currency.

Sales

In the first half of 2007 the Group's paper sales totalled 520 thousand tonnes, which is 5.1% more than in the same period last year and corresponds to an increase of 25 thousand tonnes. This increase in sales coincided with an improvement in the mix of paper sales.

In terms of sales by format, the performance was very positive: sales of office paper and graphic formats increased by respectively 19 and 10 thousand tonnes, while reel sales dropped by 4 thousand tonnes.

As regards the breakdown by quality, there was an increase of 13% in sales of premium products.

These results consolidate the trend outlined in previous years and compare very well with the European market's profile.

Pulp sales totalled 270 thousand tonnes in the first half of 2007, a 5.1% year-on-year reduction mainly explained by greater integration of pulp into paper production.

Results

In the 1st half of 2007 the Group's turnover reached €566.4 million, corresponding to a year-on-year increase of 7.0%. 71% of total turnover was generated by paper, 21% by pulp and the remaining 8% essentially by energy sales.

The Group's key indicators reflect a good performance in the 1st half of 2007, with a €174.7 million EBITDA, a 17.2% growth, and an increase of 2.7 percentage points in EBITDA/sales margin, to 30.8%.



The main factors behind this positive performance were the increase in the volume of paper sales and a 5.2% year-on-year rise in the selling price of paper.

Moreover, and in addition to considerable improvements in terms of energy cost-efficiency, the Group successfully concluded the programme aimed at improving the integrated maintenance process of all its industrial units initiated on 1 January 2006.

On the other hand, the first half of the year was also marked by the very sharp increase in the cost of a number of production factors, namely wood, and to a lesser extent chemical products. In the specific case of wood, the rise in costs in the domestic market added on to the need to import this raw material, whose final price is driven up by transportation costs.

Hence, despite an improvement in energy costs, the rise in the average price of wood caused a significant increase in the Group's unit production cost of pulp.

Operating results thus reached €122.1 million, rising by 21.7% versus the first half of 2006.

Financial results also improved by 15.0% in the period, on the one hand through a sharp reduction in the net debt, which more than made up for the significant increase in interest rates, and on the other through the gains obtained in several exchange and interest rate hedging operations.

Net consolidated earnings thus reached €76.9 million in the first half of 2007, rising by 40.3% when compared to the same period last year.

Investments

Investment in fixed assets totalled €7.8 million in the first half of 2007, which compares with €13.3 million in 2006.



Debt

Despite the payment of dividends in the amount of €60.6 in the reporting period, the Group's net debt was reduced by €247.5 million when compared to the 1st half of 2006 and by €63.1 million versus the 2006 year-end.

The execution of the investment projects in due time approved and announced to the market will naturally lead to an increase in the Group's debt.

Outlook

The outlook for the evolution of market conditions in the second half of 2007 may be considered moderately positive. Pulp and paper producers have already announced some price increases, although on the whole demand for paper remains sluggish.

On the other hand, the rising trend of the Euro against the US dollar remains a penalising factor that may continue to harm the price of the Group's pulp sales and of some of its paper sales, in addition to the referred increase in the cost of several production factors, namely wood.

In the first half of 2007 the European Commission finally approved the incentives granted by the Portuguese State to the investment plan announced at the beginning of 2006, of which the main item is the construction of the new paper mill at Setúbal.

The initial €500 million investment cost estimated for the paper mill is currently being revised, and it is prudent to assume that it will suffer an increase as a result of the deterioration in a number of associated cost factors.

The Group plans to initiate the construction of the new mill in the 4th quarter of 2007, with the start of production scheduled for the 2nd quarter of 2009 if all goes according to plan.

Setúbal, 6 August 2007