

CONSOLIDATED RESULTS FOR THE 1ST 9 MONTHS 2001

KEY INDICATORS

(Values in thousand €, except if otherwise indicated)	9 months 2001	9 months 2000	Change (%)
Total Sales	787 011	399 782	+97%
Operating Results	132 684	108 348	+22%
Financial Results	-36 332	-15 124	+140%
Results before taxes	89 061	85 069	+5%
Net Results *	56 218	52 795	+6,5%
EBITDA	234 859	146 479	+60%
Cash flow	165 684	99 081	+67%
<hr/>			
Total Production (000 tons)**			
Pulp	843 989	799 662	+6%
Paper	637 149	453 976	+40%
Quantities Sold (000 tons)			
Pulp	434 043	504 023	-14%
Paper	614 933	437 826	+40%
Change on average pulp price (base 100)	77	100	
Change on average paper price (base 100)	102	100	

* net results after deducting minority interests

* Include Portucel and Soporcel production and sales

SIGNIFICANT FACTS

The share capital increase approved in the Extraordinary General Meeting held last 2nd July was successfully completed in late September and recorded in a public document of October 2, 2001. Portucel share capital is now represented by 767,5 million shares, with a par value of €1 each. The impact of this capital increase on financial results will only be visible in the 4th quarter of the year, once payment of the new shares has only occurred between 26th of September and 1st of October.

NET RESULTS OF €56,2 MILLION (11,3 BILLION PTE)

In a particularly adverse environment, average pulp price fell 23% and 12% when compared with the first 9 months of last year and the previous quarter, respectively. Similarly, although there has been a slight increase of the average price of the papers sold by Portucel Soporcel Group on a year-to-date basis, a 7,5% drop was felt on a quarter-on-quarter basis, related to the seasonal increase of sales to less profitable markets outside Europe.

Pulp inventories evolved very favourably all through the 3rd quarter, despite the unfavourable macroeconomic conditions and the normal trend of rising inventories during the Summer; Norscan stocks fell by 240 thousand tonnes, standing close to an equilibrium level at end September. The effort to adjust supply to demand – also assumed within Portucel Soporcel Group – was decisive to this inventories reduction.

In this context, net results in the first 9 months of the year achieved €56,2 million (11,3 billion PTE), a 6,5% increase compared to the same period of last year; net results in the 3rd quarter totalled €0,52 million (104 million PTE).

The extremely poor behaviour of the international stock markets all through the year had a negative impact of around € 8,4 million (1,7 billion PTE), while significantly affecting the performance of Group Pension Funds. The Group continued its policy to optimise Human Resources, having paid redundancies in the amount of €4,6 million (0,9 million PTE).

In order to correctly assess the goodwill value resulting from Soporcel acquisition, a technical re-valuation of the company was carried out by an independent entity; quarter accounts reflect already the goodwill amortisation. Thus, the value of its industrial assets was readjusted to their useful life, determining a readjustment of the amortisation policy; this had a negative joint impact on Results of €0,67 million (135 million PTE).

The Group had negative financial results in the 3rd quarter and in accumulated terms as well: minus € 16,6 million (3,3 billion PTE) in the quarter and a total of minus € 36,3 million (around de 7,3 billion PTE) in the first 9 months of the year. This worsening of financial results is related to the acquisition of Soporcel, the first phase of the share capital increase needed to finance this acquisition having been concluded only in late September. Thus, financial costs reduction could not still be seen.

During the first 9 months of the year, operating results reached € 132,7 million (26,6 billion PTE), a 23% increase when compared to the same period of last year, while profit before taxes totalled € 89,1 million (17,9 billion PTE), meaning a 5% rise. In the 3rd quarter, operating results were € 23,8 million (4,8 billion PTE), and profit before taxes attained € 5,9 million (1,2 billion PTE).

AN EBITDA OF € 235 MILLION (47 BILLION PTE) SHOWS HIGH ABILITY TO GENERATE FUNDS

During the 3rd quarter, Portucel Soporcel Group generated an EBITDA of around € 60,6 million (12,1 billion PTE) and a cash-flow of € 38,6 million (7,7 billion PTE). EBITDA value generated during the first 9 months of the year totalled € 235 million (47 billion PTE), a 60% increase compared to the same period of 2000. A cash-flow of € 165,7 million (33,2 billion PTE) reflects a 67% increase, clearly showing a very positive evolution.

The contribution of the paper business was decisive to attain these values.

GROUP SALES REACH €787 MILLION (158 BILLION PTE)

In the first 9 months of 2001, Portucel Soporcel achieved total consolidated sales of approximately € 787 million (158 billion PTE), almost doubling the value attained in the same period of last year. In the 3rd quarter, the turnover reached € 257,6 million (51,6 billion PTE), +77% than in the 3rd quarter of 2000.

The paper business contributed with € 562 million (112,7 billion PTE) for the first 9 months of 2001, approximately 71,5% of the total turnover.

In the first 9 months of the year, 434 thousand tons of pulp and around 615 thousand tons of paper were sold.

Total pulp production reached 844 thousand tons and paper production totalled 637 thousand tons, a 40% increase when compared with the same period of last year, mainly due to the starting of Soporcel's new paper machine.

FUTURE PERSPECTIVES

In spite of the strong slowdown felt in economic growth, aggravated by further uncertainty brought by the events of September 11th, prices in the pulp and paper futures market have been presenting slight increases. A further adjustment in supply and demand is expected to continue, as this is necessary to reduce price volatility. Meanwhile pulp price increased \$30/ton, on October 1st.

The process of integration between Portucel and Soporcel's operations will continue, allowing the capture of important synergies and the reduction of the down cycle negative impacts. It is the Company's belief that this strategy is fundamental to maximize the Group's results.

PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL, SA (SOCIEDADE ABERTA)
CONSOLIDATED BALANCE SHEETS AS OF 30TH SEPTEMBER 2001
 (Amounts stated in thousands of Euro)

ASSETS	Gross assets	2001 Depreciation and provisions	Net assets	2000 Net assets
FIXED ASSETS:				
Intangible assets:				
Incorporation expenses	37 255 939	29 835 197	7 420 742	915 259
Research and development expenses	35 858 183	21 813 332	14 044 850	10 917 010
Industrial property and other rights	2 042 317	1 672 472	369 845	3 417
Assignment	435 225 198	13 056 756	422 168 442	0
Intangible assets in progress	6 423 380		6 423 380	7 281 661
Advances to suppliers of intangible assets			0	
	516 805 017	66 377 757	450 427 260	19 117 347
Tangible fixed assets:				
Land and natural resources	134 769 035	84 691	134 684 344	98 759 355
Buildings and other constructions	363 474 490	159 953 941	203 520 549	94 405 787
Machinery and equipment	1 867 171 723	966 035 973	901 135 750	445 248 531
Transportation equipment	30 234 316	18 899 544	11 334 773	3 147 669
Tools and dies	2 141 771	1 681 394	460 376	1 745 139
Administrative equipment	26 239 397	21 008 840	5 230 557	3 695 554
Returnable containers	162 838	66 700	96 138	118 430
Other tangible fixed assets	12 039 486	8 143 441	3 896 045	94 138
Construction in progress	70 180 740		70 180 740	62 660 932
Advances to suppliers of fixed assets	3 146 940		3 146 940	744 072
	2 509 560 736	1 175 874 524	1 333 686 211	710 619 607
Financial investments:				
Investments in affiliated companies	2 242 749		2 242 749	3 828 453
Loans to affiliated companies	92 278		92 278	92 278
Investments in associated companies	932 161		932 161	956 335
Loans to associated companies	309 875		309 875	451 527
Securities and other financial investments	25 430 529		25 430 529	1 689 344
Advances on account of financial investments			0	
	29 007 592	0	29 007 592	7 017 937
INVENTORIES - Medium and long term:				
Work in process	298 166 337		298 166 337	178 088 681
Advances to suppliers of inventories	4 138 283		4 138 283	8 462 391
	302 304 620	0	302 304 620	186 551 072
CURRENT ASSETS:				
Inventories:				
Raw materials and supplies	94 342 162	0	94 342 162	43 911 284
Work in process	17 074 580		17 074 580	5 104 498
Subproducts and waste	674 681		674 681	894 679
Finished and semi finished goods	43 216 931	0	43 216 931	19 786 919
Merchandise	214 260		214 260	192 880
Advances to suppliers of inventories	1 747 119		1 747 119	967 064
	157 269 734	0	157 269 734	70 857 324
Accounts receivable:				
Accounts receivable from customers	241 056 937	159 266	240 897 671	106 591 320
Securities receivable from customers	0		0	20 575
Doubtful accounts receivable	4 519 934	4 243 380	276 554	52 608
Group companies	0		0	0
Participated companies	0		0	0
Advances to suppliers	16 382 542		16 382 542	17 079 528
Advances to suppliers of assets	0		0	860 960
Public entities	71 078 258		71 078 258	21 994 508
Other debtors	11 844 534	32 098	11 812 437	5 787 148
Capital Subscribers	85 744 745		85 744 745	0
	430 626 950	4 434 744	426 192 206	152 386 648
Marketable securities:				
Shares	2 000 000		2 000 000	18 343 023
Other treasury applications			0	3 320 922
	2 000 000		2 000 000	21 663 945
Banks and cash:				
Banks	24 360 391		24 360 391	4 253 624
Cash	55 312		55 312	39 350
	24 415 704		24 415 704	4 292 974
Accruals and deferrals				
Accrued income	6 022 824		6 022 824	920 906
Deferred costs	6 214 006		6 214 006	44 623 029
	12 236 829		12 236 829	45 543 934
Total amortisation and depreciation		1 242 252 281		403 001 925
Total provisions		4 434 744		1 023 344
Total assets	3 984 227 181	1 246 687 026	2 737 540 156	1 218 050 788

PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL , SA (SOCIEDADE ABERTA)
CONSOLIDATED BALANCE SHEETS AS OF 30TH SEPTEMBER 2001
 (Amounts stated in thousands of Euro)

EQUITY AND LIABILITIES	2001
EQUITY:	
Share capital	435 000 000
Own shares - nominal value	- 60 500
Own shares - rebate and premium	6 821
Adjustments in investments in affiliated and associated compa	- 411 316
Revaluation reserve	38 450 314
Legal reserve	10 321 056
Statutory reserve	22 450 159
Other reserve	-2 558 161
Retained earnings	87 006 677
Net income for the year	56 218 082
Total equity	646 423 133
MINORITY INTERESTS	77 877 239
PROVISIONS FOR RISKS AND CHARGES	
Provisions for risks and charges	6 402 151
MEDIUM AND LONG - TERM LIABILITIES:	
Bank loans	330 699 293
Non-convertible bonds	0
Accounts payable to suppliers of fixed assets	13 193 301
Other creditors	0
	343 892 594
SHORT - TERM LIABILITIES:	
Non-convertible bonds	0
Bank loans	716 403 483
Advances from customers	56 338
Accounts payable to suppliers	69 649 494
Suppliers - invoices pending verification	39 557 220
Group companies	69 758 832
Other shareholders (partners)	1 367
Accounts payable to suppliers of fixed assets	13 961 343
Public entities	35 969 324
Other creditors	575 187 782
	1520 545 182
ACCRUED COSTS AND DEFERRED INCOME:	
Accrued costs	123 266 798
Deferred income	19 133 057
	142 399 855
Total equity, minory interests and liabilities	2 737 540 154

PORTUCEL - EMPRESA PRODUTORA DE PASTA E PAPEL , SA (SOCIEDADE ABERTA)
CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED ON 30TH SEPTEMBER 2001
 (Amounts stated in Euro)

EXPENSES	2001		
Cost of materials consumed		307 183 602	
External services and supplies		161 822 265	
Payroll expenses:			
Salaries and wages	51 749 174		26 142 726
Social charges	28 402 883	80 152 057	11 661 930
Depreciation and amortisation	109 465 391		46 285 881
Provisions	1 179 463	110 644 853	19 742
Taxes	1 867 519		385 616
Other operating costs	3 883 738	5 751 257	418 127
	(A)	665 554 034	
Losses in group and associated companies		24 177	
Interest and similar costs:			
Related to group companies	4 024 656		1 939 002
Others	47 591 638	51 616 294	17 474 691
	(C)	717 194 505	
Extraordinary expenses		13 622 212	
	(E)	730 816 717	
Income tax		34 653 115	
	(G)	765 469 832	
Net result for the period	56 218 082		52 795 145
Minority interests	-1 809 951	54 408 131	- 228 602
		<u>819 877 963</u>	
INCOME	2001		
Sales	772 173 478		396 111 317
Services rendered	14 837 458	787 010 936	3 670 210
Variation in production		7 458 393	
Own work for the Company		907 164	
Supplementary income	1 601 330		1 628 281
Operating subsidies	297 341		15 144
Other operating income	962 492	2 861 162	658
	(B)	798 237 655	
Gains in group and associated companies	0		
Income from investments in shares	3 617 643		519 239
Income from other financial investments	218 877		50 907
Other interest and similar income:			
Related to affiliated companies	35 136		23 039
Others	11 436 795	15 308 452	3 696 142
	(D)	813 546 106	
Extraordinary income		6 331 857	
	(F)	<u>819 877 963</u>	
Operating results:	(B) - (A)	132 683 621	
Financial results:	(D - B) - (C - A)	-36 332 019	
Current results:	(D) - (C)	96 351 602	
Result before income tax and minority interests:	(F) - (E)	89 061 246	
Consolidated net result with minority interests:	(F) - (G)	54 408 131	
Net result after minority interests:		56 218 082	