



ALTRI, SGPS, S.A.
Open Capital Company

Head Office: Rua do General Norton de Matos, 68, r/c – Porto
Fiscal Number: 507 172 086
Share Capital: 25.641.459 Euro

1H 2009 Financial Information

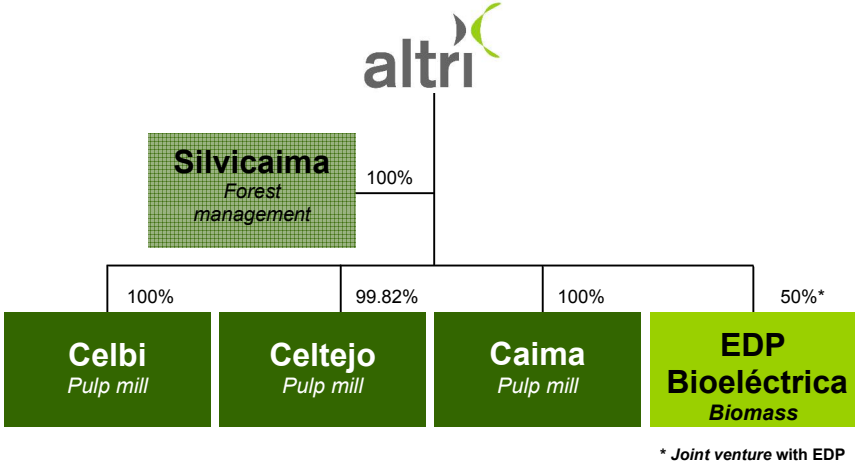
1H09 Financial Information

Altri is a reference in European eucalyptus pulp producers. In addition to pulp production, the company is also present in the renewable power production business from forest base sources namely industrial cogeneration and biomass.

Altri obtained Forest Stewardship Council (FSC) Certification for the whole 82,000 ha of forest under management in Portugal.

Nowadays, Altri major assets are three pulp mills, with a total capacity above 500,000 tonnes/year of bleached eucalyptus pulp. The company has investment projects ongoing that will increase its production capacity to more than 900 thousand tonnes/year in 2010.

Altri's organic structure as of 30 June 2009 is as follows:



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Most significant events in 1H 2009

- Celbi's expansion capacity project: the Celbi's project – doubling its pulp production capacity - is in the conclusion stage by the end of the 1st half of 2009. The mill is in an intermediate stage of the learning curve. The final installation of the cogeneration turbine is expected to occur during the first quarter of 2010;
- Celtejo's bleaching line project: After the temporary stoppage ended in 15 April 2009 at Celtejo (in which was performed production optimizations), this mill practically concluded the BEKP production learning curve;
- Around 82 thousand ha of forest area under management: at the end of the 1st half of 2009, Altri has 81.9 thousand ha of forest under management in Portugal fully certified in accordance with the FSC.
- Biomass: Figueira da Foz (Celbi industrial unit) power plant entered into operation and Constância (Caima industrial unit) power plant is in the conclusion stage, with approximately, 32 MWh and 13 MWh of capacity, respectively. By the end of the 1st half of 2009 EDP Bioelétrica (50% held by Altri) had in operation a total power production capacity of more than 40 MWh. EDP Bioelétrica, holding licenses to produce over 120 MWh of electric energy from biomass, is the leading player in this market with a market share of, approximately, 50% of the total licenses awarded by the Portuguese Authorities.

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The financial information of the Group was prepared in accordance with the International Financial Reporting Standards (IFRS).

Altri defined forest management and pulp production as its core business. However, in the 1st half of 2008 Altri developed its activity also in the steel retailing business (FRamada) and in paper business (CPK). FRamada demerger process took place in June 2008 and CPK unit was permanently closed in December 2008.

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Therefore, FRamada and CPK activities in 2008 are recorded under the caption “Profit for the period from discontinued operations”.

Despite the CPK closure in December 2008, there were results in the 1st half of 2009 related to assets outflow. These results were also recorded under the caption “Profit for the period from discontinued operations”.

Main Indicators

	1H09	1H08	1H09/1H08
Operating income	141.497	153.396	-7.8%
Cost of sales	57.529	50.063	14.9%
External supplies and services	51.623	43.443	18.8%
Payroll expenses	16.414	16.130	1.8%
Provisions and impairment losses	1.050	0.657	59.9%
Other operating expenses	1.095	3.856	-71.6%
Total operating expenses (a)	127.710	114.148	11.9%
EBITDA (b)	13.787	39.248	-64.9%
Margin	9.7%	25.6%	-15.8 pp
Amortization and depreciation	15.479	14.470	7.0%
EBIT (c)	-1.693	24.778	-106.8%
Margin	-1.2%	16.2%	-17.3 pp
Profits related with assets classified as held for sale	0.000	-0.252	-
Gains and losses in associated companies	-0.628	-0.393	59.8%
Gains and losses in other investments	0.046	-0.148	130.9%
Financial expenses	-15.957	-21.901	27.1%
Financial income	2.725	4.778	-43.0%
Financial profit	-13.814	-17.916	-22.9%
Profit before income tax	-15.507	6.861	-
Income tax	2.324	-1.396	-
Minority interests	-0.032	0.094	-
Profit after income tax	-13.150	5.372	-
Profit for the period from discontinued operations	1.077	3.509	-69.3%
Consolidated net profit	-12.073	8.881	-

(amounts in thousand Euros)

(a) Operating costs excluding amortization

(b) EBITDA = Operating profit + Amortization and depreciation

(c) EBIT = Operating profit

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In the 1st half of 2009 the operating income was 141.5 million Euro, which represents a decrease of 8% in comparison with the same period in 2008. This decrease was related with the international market price of pulp BEKP decrease.

During the 1st half of 2009 were sold, approximately, 300 thousand tonnes of pulp (a 13% increase in comparison with the 265 thousand tonnes sold in the 1st half of 2008). This fact is mainly explained by the global recovery of the pulp demand and by the production expansion capacity related with bleaching and expansion capacity project at Celtejo.

This increase in sales implied an increase in variable costs. Moreover, Celtejo's start up costs (that occurred in the second half of April) contributed to an increase in fixed costs. Thus, 1st half of 2009 total operation expenses, excluding amortizations, amounted 127.7 million Euro, corresponding to a 12% increase comparing with the same period in 2008.

The decrease in BEKP pulp price was greater than the cash cost per tonne reduction achieved during the 2nd quarter of 2009 thus negatively affecting the EBITDA margin. It should be stressed that BEKP pulp price reached an historic minimum in April 2009 (480 USD/ton).

EBITDA for the first six months of 2009 was, approximately, 13.8 million Euro, compared with approximately 39.2 million Euro in 2008 (less 65%). EBITDA margin was 9.7%.

Operating profit (EBIT) reached, approximately, -1.6 million Euro. Amortization amounted 15.5 million Euro (7% increase in comparison with the same period in 2008).

The net loss from continued operations after minority interests, of forestry and pulp production areas was, approximately, -13.2 million Euro.

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CAPEX and Net Debt

Total investment (CAPEX) reached 59.7 million Euro. The main responsible for the investment made was Celbi with, approximately, 55 million Euro.

The Celbi's project – double its pulp production capacity – is on time, on budget and in conclusion stage. Currently, the mill is able to produce 600 thousand tonnes/year of bleached eucalyptus pulp. The mill is in an intermediate stage of the learning curve and the conclusion is expected to occur in the last quarter of 2009.

Altri's nominal net debt as of June 30, 2009 was 814.9 million Euro. It should be stressed that all the financing needs are totally assured. As of June 30, 2009 Altri have 102.8 million Euro in cash and equivalents and, approximately, 68.9 million Euro of financing plafond not in use.

Pulp market

During the 1st half of 2009 occurred a renewal in the demand and a decline in the pulp market price, reaching an historic minimum in April. A reduction in the offer was materialized by the announcement of temporary stoppages and the permanent retirement of inefficient producers. Therefore, until July 2009 the global pulp supply reduced more than 4 million tones, a 16% reduction year on year.

These actions contributed to the European ports pulp stocks reduction, allowing the announce in late April of an increase in pulp price (from 480 USD/ton to 500 USD/ton). It was announced two additional 30 USD/ton increases in June and July (to 530 USD/ton and to 560 USD/ton). In late August BEKP pulp price was increased again (increase of 40 USD/ton to 600 USD/ton, effective from 1 September 2009).

Pulp price evolution clearly illustrates the verified demand recovery. The pulp inventories in European ports (indicator to determine the evolution in demand) reached in July 2009 the lower level since October 2000 (according to Europulp – 21 August 2009).

Moreover, in consequence of the financial crisis, capacity expansion and new units projects were postponed or abandoned.

The market price of pulp BEKP (according to PIX) at the end of the 1st half of 2009 stood at 506 USD/ton, corresponding to 356 EUR/ton. The BEKP average price was around 513 USD/ton, which corresponds to an average price of pulp BEKP of 385 EUR/ton.

In the 1st half of 2009, Altri produced, approximately, 276.8 thousand tonnes of pulp (270.5 thousand tonnes of pulp were produced in the same period in 2008).

Oporto, 26th August 2009