

Semapa - Sociedade de Investimento e Gestão, SGPS, S.A.
Public Limited Company

Registered Offices: Av. Fontes Pereira de Melo, 14 – 10º -1050-121 Lisboa
Share Capital: 118.332.445 Euros – Corporate person and Lisbon Companies Registry no. 502 593 130

PRIVILEGED INFORMATION

PRESS RELEASE

FIRST HALF RESULTS 2008

In a hostile economic environment, Semapa's turnover for the first half of 2008 was up by 6% on the same period in the previous year, at 746.1 million euros.

Total EBITDA recorded at the end of the first half stood at 185.1 million euros, representing a fall of 20% on the first half of 2007.

The drop in EBITDA was due essentially to two factors: i) in the first half of 2007, Semapa realized a gain of 25.6 million euros on the disposal of shares in EDP, not repeated in the first half of 2008, and ii) Portucel's EBITDA was down by 15% on the first half of 2007, due to the sharp cost rises for certain factors of production, most particularly for timber. The growth in EBITDA recorded by Secil was not sufficient to offset these two negative factors.

Net profits attributable to Semapa equity holders stood at a total of 55.7 million euros, down by 22% on the same period in 2007. This decline was due essentially to the capital gain recorded in the first half of the previous year, as referred to above. The contribution made by Portucel's net profits was in line with that recorded in the first half of 2007, whilst those of Secil were up on the same period.

The increase of 42.4 million euros in net debt in relation to year-end 2007 reflects the growing pace of capital expenditure projects within the Group, notably the new paper mill in Setúbal.

Leading Business Indicators (IFRS)

(million euros)

	IFRS Accrued June-08	IFRS Accrued June-07	% Var. 08/07
Sales	746,1	702,7	6%
Other income	31,7	38,9	-18%
Costs and losses	(592,7)	(510,0)	-16%
Total EBITDA	185,1	231,6	-20%
Recurrent EBITDA	181,2	205,7	-12%
Depreciation and impairment losses	(65,6)	(65,1)	-1%
Provisions (increases and reversals)	0,0	(10,7)	100%
EBIT	119,5	155,7	-23%
Net financial profit	(27,6)	(26,8)	-3%
Pre-tax profit	91,9	129,0	-29%
Tax on profits	(18,4)	(36,9)	50%
Retained profits for the period	73,5	92,0	-20%
Attributable to Semapa equity holders	55,7	71,5	-22%
Attributable to minority interests	17,7	20,5	-14%
Cash flow	139,1	167,9	-17%
EBITDA margin (% Sales)	24,8%	33,0%	-25%
Recurrent EBITDA margin (% Sales)	24,3%	29,3%	-17%
	30-06-2008	31-12-2007	
Total net assets	3.263,9	3.257,1	0%
Equity (before MI)	764,2	745,8	2%
Net debt	930,2	887,9	5%

Notes:

- Total EBITDA = operating profit + depreciation and impairment losses + provisions – reversal of provisions
- Cash flow = Retained profits for the period + depreciation and impairment losses + provisions – reversal of provisions
- Net debt = non-current interest bearing debt (net of loan issue charges) + current interest-bearing debt (including debts to shareholders) – cash and cash equivalents

Segment Reporting (IFRS)

(million euros)

	Paper and pulp	Cement	Holdings	Consolidated
Sales	594,5	151,6	0,1	746,1
Total EBITDA	150,1	41,0	(5,9)	185,1
Recurrent EBITDA	149,2	40,9	(8,9)	181,2
Depreciation and impairment losses	(55,3)	(10,3)	(0,1)	(65,6)
Provisions (increases and reversals)	(0,0)	0,2	(0,2)	0,0
EBIT	94,8	30,9	(6,2)	119,5
Net financial profit	(10,7)	(3,0)	(13,9)	(27,6)
Pre-tax profit	84,1	27,9	(20,1)	91,9
Tax on profits	(17,4)	(7,2)	6,1	(18,4)
Retained profits for the period	66,8	20,7	(14,0)	73,5
Attributable to Semapa equity holders	50,6	19,2	(14,0)	55,7
Attributable to minority interests	16,1	1,6	-	17,7
Cash flow	122,0	30,8	(13,8)	139,1
EBITDA margin (% turnover)	25,2%	27,1%	-	24,8%
EBIT margin (% turnover)	15,9%	20,4%	-	16,0%
Total net assets	2.522,6	506,5	234,7	3.263,9
Net debt	397,0	70,6	462,6	930,2

NB: Figures for business segment indicators may differ from those presented individually by each Group, as a result of consolidation adjustments

Consolidated Sales: 746.1 million euros

Consolidated sales grew by 6% over the same period in the previous period, thanks to the following successful results:

- **Paper and Paper Pulp (PORTUCEL SOPORCEL Group)**

The Portucel Soporcel recorded growth in sales of 5% over the 1st half of 2007. Paper represented 70% of turnover, and pulp 22%, with energy sales accounting for most of the remaining 8%.

Growth in the volume of paper sales was moderate, at 0.5%, with total sales of 523 thousand tons, whilst prices rose by 2.4% over the same period in the previous year.

Pulp sales were up by 5.2% in volume, to 284.3 thousand tons, whilst sales prices in euros performed well in comparison with the same period in 2007, rising by 5.5%.

- **Cement – SECIL Group**

The Secil Group contributed 151.6 million euros, representing an increase of 11.2% over the first half of 2007. This positive performance was due essentially to the strong contribution from the Group's cement business in Portugal, with increases in both quantities sold and prices. The Group also recorded good performance in its cement business in Tunisia, Angola and Lebanon.

Total Consolidated EBITDA: 185.1 million euros

- **Paper and Paper Pulp (PORTUCEL SOPORCEL Group)**

Total accrued EBITDA stood at 150.1 million euros, down by 14.9%, due to sharp rises in the cost of certain factors of production, notably timber, exacerbated by the need for imports in order to restore appropriate stock levels, given the instability of supply, with the corresponding knock-on effect on the cost of transport.

Soaring commodities prices also led to higher costs for both the main chemicals used and in logistics.

Staff costs also rose over the period, although the increase is less marked when non-current and contingent items are eliminated. It should be noted that staff costs are not comparable with the previous period, as the Group has started insourcing work which it previously subcontracted.

The Group has made structural gains in productivity, at the same time as improving energy and production efficiency at all its plants, which will be important during a period of strong pressure on production costs.

- **Cement – SECIL Group**

Total accrued EBITDA contributed 41 million euros, representing growth of 16.5% over the 1st half of 2007, thanks in large part to cement business in Portugal, where the Group recorded an increase in turnover.

- **Holdings - Semapa SGPS and instrumental sub-holdings**

The holding companies were responsible for a negative contribution of 5.9 million euros, comparing unfavourably with the figure of 20.1 million euros in the first half of the previous year, which had included the capital gain on the disposal of shares in EDP, with a total value of 25.6 million euros.

Consolidated EBITDA Margin: 24.8%

- **Paper and paper pulp:** the margin of 25.2% was down on the margin of 31.1% recorded in the 1st half of 2007.
- **Cement:** the EBITDA margin of 27.1% represented an improvement of 1.2 percentage points on the same period in the previous year.

Consolidated EBIT: 119.5 million euros

- **Paper and paper pulp:** a contribution of 94.8 million euros, representing a fall of 14.8% from the same period in 2007.

- **Cement:** this segment's contribution improved by 26.5% over the first half of 2007, at a total of 30.9 million euros.
- **Holdings:** EBIT stood at -6.2 million euros.

Consolidated Net Debt: 930.2 million euros

The SEMAPA Group's net debt increased slightly (by 42.4 million euros compared with year-end 2007), reflecting the faster pace of capital expenditure within the Group.

- **Paper and Paper Pulp:** net debt increased by 29.3 million euros in relation to year-end 2007, standing at 397 million euros. Considering that Portucel distributed dividends during the first half of 2008 with a value of 26.9 million euros and invested 105.8 million euros in fixed assets, the current level of indebtedness reflects the Group's excellent capacity to generate cash flow.
- **Cement:** contributed 70.6 million euros to total net debt, representing a reduction of 6.2 million euros in relation to 31 December 2007. This positive performance also reflects Secil's capacity to generate cash flow, considering that during the first half of 2008 it proceeded with capital expenditure totalling 18.6 million euros and distributed dividends of 18 million euros for the financial year of 2007.
- **Holdings:** at the end of the first half of 2008 net debt stood at 462.6 million euros, up by 19.2 million euros on year-end 2007. This increase in net debt was due to (i) dividends paid by Semapa SGPS, (ii) financial charges and overheads borne by Semapa SGPS and (iii) the increase of 0.2% in the holding in Portucel.

Financial results: -27.6 million euros

- **Paper and Paper Pulp:** financial profits improved by 21.3% on the same period in 2007, with Portucel Soporcel making a contribution of -10.7 million euros to financial results.

This improvement was due essentially to the reduction in net debt, enabling the Group to offset the effect of rising interest rates. The positive evolution in this item was also achieved thanks to a number of forex and interest rate hedges contracted by the Group.

- **Cement:** Secil's contribution stood at -3.0 million euros, up by 0.6 million from the figure recorded in the first half of 2007.
- **Holdings:** a financial loss of 13.9 million euros, approximately 3.2 million euros greater than that in the same period of the previous year, explained by the average increase in net debt and rising interest rates over the period.

Consolidated Net Profits attributable to Semapa equity holders: 55.7 million euros

Consolidated net profit before minority interests stood at 73.5 million euros, of which 55.7 million euros is attributable to Semapa equity holders, representing a decrease of 22% on the figure recorded in the same period in 2007.

- **Paper and Paper Pulp:** contribution of **50.6 million euros**, as compared with 49.5 million euros recorded in the first half of 2007. Portucel's contribution to the consolidated net profits of the Semapa Group was in line with that made in the first half of 2007 thanks to an increase of 4.18% in Semapa's holding in the company in comparison with the same period

in the previous year, and to an improvement in financial results and a reduction in Portucel's taxes in relation to the 1st half of 2007.

- **Cement:** Secil's contribution stood at **19.2 million euros**, up by 22% on the figure recorded in the first half of 2007, due essentially to the increase in EBITDA.
- **Holdings:** made a contribution of – **14.0 million euros**, as compared with 6.4 million euros in the same period of 2007. This reduction was due to the non-recurrent gain recorded in the first half of 2007 on the disposal of shares in EDP.

Highlights

Holdings – Semapa SGPS and instrumental sub-holdings

- Semapa paid a dividend of 25.5 cents per share, on 9 April, corresponding to a total of 29.5 million euros.
- In the course of the first half of 2008, Semapa increased its direct holding in Portucel by 0.2%, by purchasing 1,500,000 shares for a total of 3.2 million euros in a stock Exchange operation.
- In June, the Semapa Group, acting through Verdeoculto, its holding company for the environmental sector, signed an agreement to acquire the ETSA Group, which offers and comprehensive and environmentally sustainable solution for the waste management market. This transaction constitutes a first step towards setting up an environmental business sector within the Semapa Group. The transaction is expected to be concluded in the course of the second half of 2007 for an equity value, including shareholder loan capital, of 47.9 million euros. This figure may be adjusted depending on the findings of the due diligence process currently underway. In the meantime, the acquisition has already been approved by the Competition Authority.

Paper and Paper Pulp - PORTUCEL SOPORCEL Group

- Portucel paid a dividend of 3.5 cents per share, on 8 April, corresponding to a total of 26.9 million euros.
- Investment in fixed assets during the first half of 2008 stood at 105.8 million euros, due to the gathering pace of disbursements on the capex projects currently underway, including notably the new paper mill in Setúbal.
- In the course of the first half of 2008, Portucel acquired 6,911,220 own shares, for an acquisition cost of 13.8 million euros.

Cement and Derivatives – SECIL Group

- Secil paid a dividend of 38 cents per share, on 4 April, corresponding to a total of 18.0 million euros.
- In January 2008 co-incineration of hazardous industrial waste resumed at Secil's Outão plant, in the light of the decision of the Supreme Administrative Court of 14 January, revoking the previous decision handed down in the injunction proceedings.
- Secil acquired an additional holding of 7.5% in Secil Prebetão, giving it a total holding of 50%.

Lisbon, 21 August 2008

The Directors