

Operator:

Good morning, ladies and gentlemen. At this time we would like to welcome everyone to the Suzano Pulp and Paper 1Q08 earnings conference call. Today we have a simultaneous webcast with slide presentation on the Internet that can be accessed at the site www.suzano.com.br/ir. There will be replay facility for this call on the website.

We would like to inform you that all participants will only be able to listen to the conference during the Company's presentation. After the Company's remarks are over there will be a question and answer session. At that time, further instructions will be given. Should any participant need assistance during this conference, please press *0 to reach an operator.

Today's speakers will be Mr. Antonio Maciel Neto, CEO; Mr. Bernardo Szpigel, CFO and IR officer; Mr. Rogério Ziviani, Head of Pulp Business Unit; Mr. André Dorf, Head of Paper Business Unit.

We also would like to inform you that statements during this conference may constitute forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that could cause the Company's actual results to differ materially from those set forward in the forward-looking statements.

I will now pass the floor to Mr. Antonio Maciel Neto, who will start today's conference call. Thank you.

Antonio Maciel Neto:

Good morning, everyone, thank you very much for joining us this morning. I will start presenting some highlights I have for the about to six or seven slides, and just after we have all our senior management team here ready to answer the questions.

So, I will start with slide number two, where we have highlights from this quarter. The first one is about the pulp prices. As you know, we reached US\$800 per ton in Europe in February and just after we had another price increase, of US\$40 per ton. So, as we speak, the price listed in Europe is US\$840.

Inventories of pulp are very low regarding hardwood pulp, in February we had 24 days; we know that today we are in this range of 24 to 26 of shipment, so, we still have very low levels of inventories.

Net sales achieved again another record in sales, R\$970 million, very close to R\$1 billion; interesting results.

Record pulp sales volume; in this quarter we reached 348,000 tons. Also, another highlight is about the ratio between our net debt/EBITDA. Now, at the end of March, this ratio achieved 3.48x, compared with 3.74x at the end of the year, in December.

Pulp cash, the cash cost per ton, the number was R\$452 per ton; this number excludes the cost from the scheduled maintenance shutdown. So, we had this maintenance

shutdown during this quarter, in March, and excluding that effect we reached R\$452 per ton.

Another record, on the output of paper and market pulp in the quarter, 634,000 tons.

A quick highlight about the operation of Line 2, in Mucuri: as you know, we are experiencing the learning curve of this project and in this quarter we produced 160,000 tons. It is important to highlight that during this quarter we had this maintenance shutdown, during the month of March.

Also, the net income during this quarter was R\$128.6 million, this is almost 40% higher than the 4Q and 21% higher than the 1Q of last year. It is important to highlight as well that during this quarter the exchange rate at the beginning of the quarter and the exchange rate at the end of the quarter was almost the same, it was very flat comparing the beginning to the end.

So, we can say that this R\$128.6 million of results has very low level of accounting effect like we have seen and noticed before in previous quarter, where we had upper and lower results, most of them due to accounting effect related to exchange rate. This is just to highlight that at the beginning and at the end of the quarter we had almost the same exchange rate.

In the next page we talk a little bit about the pulp business unit, Mr. Rogério Ziviani is here, he is going to be able to answer your questions after this quick presentation. So, here we are highlighting the net price for pulp in the export business in our 1Q, it was US\$681 per ton. We have typed wrongly; this is the 1Q08, not 4Q07. Sorry for that.

The first bullet, net price for pulp exports in the 1Q08 it was US\$681 per ton, compared with US\$654 per ton in the 3Q07 and US\$508 in the 1Q07. So, this is just to ask you to correct that. The first line is 1Q08, that US\$681, US\$654 is the 4Q07 and US\$588 is the 1Q07.

We have strong demand constraints related to wood supply and low inventories, as I mentioned before, because demand is strong and we have some constraints from the supplier side.

We mentioned for the pulp business as well the market pulp record production, 351,000 tons, and in the same way, record volume of 348,000 tons during the 1Q08. Production the first one and sales the second one.

In the cash cost, before I mentioned R\$452 as our cash cost for the quarter, excluding the costs related to the scheduled maintenance shutdown. Including that specific cost, the cash cost was R\$488 per ton.

In the next slide you see some graphic information. The first one is about the pulp sales volume; in the bar in the middle you see the 348,000 tons of pulp sales volume, compared with 1Q07 of 174,000 tons. This is the growth we have experienced due to Line 2 in Mucuri now experiencing the learning curve. You see the graphs related to

the pulp net sales, in the middle you see R\$407 million, compared with R\$212 million in the 1Q07. So, this is very interesting.

Also, I think you will start noticing the growth of the participation of Asia in our pulp sales. Asia now is for the first time, in this first quarter, with 38%. With 52%, Europe is still the main destination of our exports of pulp; North America, 8%; and Latin America, only 1%.

Next page is some information highlighting the paper business units. Here we have also a type problem: the volume, the first bullet, please correct for us, the volume that we experienced in the 1Q08 was 271,000 tons of paper. This is 1.8% higher than the 1Q07. So, this is very much flat compared with last quarter, only 2% growth.

Just one highlight about the market. We estimate a growth, compared to the same period of the last year, of 8%, and our sales were 3.4% higher excluding the Ripasa unit. As you recall, we sold some of the Ripasa units after the 1Q07. So, at that time, when we compare the 1Q08 with the 1Q07, we need to exclude the effect in the volumes regarding the Ripasa units.

Average net price decreased 5.5% in Reais and increased 14.6% in USD, comparing to the 1Q07. So, here we have some effects of the exchange rate and also some pressure in the local market. But it is interesting to see that in USD, compared to the same period, we experienced almost 15% increase in our net price.

And the final bullet in this page is related to the participation of the domestic market in our total sales. During this quarter we had 54% of participation in the domestic market, especially due to the seasonal effects. André Dorf is going to have the opportunity to talk about this later, but the fourth quarter of the year in Brazil is the hottest quarter for the paper business, and the first quarter is the weakest.

So, during the 1Q it is common for us to export more on a percentage basis than normally we do. You know that we have had an average of sixty to forty, in the quarter we had 54% in the domestic market due to the seasonal effect.

The next slide is the same as what we have mentioned about the pulp business unit, here in the paper business unit. We have some graph comparisons; in the 1Q08 we had paper sales volume of 271,000 tons, compared with 666,000 in the 1Q07. Same for the revenue, R\$562 million versus R\$584 million; here there is the effect of the price, and behind the effect of the price some important effects of the exchange rate variation against the price.

The same as for the destination of our exports of paper; Latin America with 40% and North America with 20%, here we have 60% in the regional market, compared to this 50% that is normal for the domestic market. Plus 40% of 40, we have here almost 6% to 8% in Latin and up to 8% if we look at North America.

So, as we have mentioned, the paper business is going to be more and more regional, Latin America or Americas business compared to global business in the pulp market.

My final slide here is just to highlight some numbers. Here we used the same framework that we have used in the last calls. I would go through one by one very quick. Sales volume in the 1Q08 was 619,000 tons, this is 40% higher than what we had in the same period of last year, the 1Q07. Paper volume in the domestic market was 146,000 tons, it is a 2% lower level when compared with the 1Q07. Pulp volume in the export market was 286,000 tons, 105% more than what we had last year. Net revenue was of R\$970 million, almost 20% higher. Net income was of R\$120 million, that is 21% higher than last year. Cash cost was R\$488, including here the maintenance shutdown costs, compared with the same period of last year, R\$455.

If we use here R\$ R\$452, which is the number of our cash cost including the scheduled maintenance shutdown, R\$552, we notice a reduction compared with the same period of last year, when we had R\$455.

EBITDA was R\$341 million, US\$196 million. So, 24% higher in Reais and 50% higher in USD, that is almost a US\$200 million in EBITDA, so you can see that we are running in an annually basis, about US\$800 million EBITDA, as we spoke.

EBITDA margin 35.2%, exchange rate, as we mentioned before, R\$1.74 compared with R\$2.11 last year. The same as I mentioned this morning in the call in Portuguese, it is very right for us to remember when we had this R\$2.11 in the exchange rate, at that time we were very concerned with this level. Today, with R\$1.74 you can imagine that we are little bit more concerned than what we were last year.

And the ratio between net debt/EBITDA 3.48x compared with 3.72x last year, in the same period. Here you see, it is easy to note that we have had a sharp decline in this ratio due mainly to the higher volumes and higher revenue and much higher EBITDA as we compared with the same period last year.

Having said that, I will turn back to the questions, and in the end I can come back and say something additional. Thank you for the attention and we will be delighted in answering your questions.

Thiago Lofiego, Merrill Lynch:

My question is regarding your potential new growth project on pulp. Do you have any timeline for the announcement and could you give us an idea of when you would be planning to start operating? Thank you.

Antonio Maciel Neto:

As I mentioned this morning, we do not have the timing to be announced, however we would like to highlight that we have a full time dedicated team working very hard on this, we have a very good option, we do have a very front plan for this organic growth, we are not ready to announce but I can tell you that we are working and we have very good perspectives.

Our balance sheet is already very good to support this organic growth and you guys have all the numbers to calculate how this balance sheet will be much stronger as we

move forward. So, Suzano is fully committed with the organic growth, mainly in the pulp side. We had plans to announce, to have this concluded last year but we decided to maintain our studies and to postpone a little bit the final decision.

But I would like to tell you that we are fully committed, the changing in plans has not changed anything, we are going to move with it. However, unfortunately I cannot give you any date for the announcement and for the conclusions of this phase of the project.

Thiago Lofiego:

OK. Thank you.

Debbie Bobovnikova, JPMorgan:

Hi. Good morning. A question on your costs. You mentioned in the quarter that there is a big effect on the maintenance downtime. Can you remind us how you count for maintenance? If you accrue any of the expenses during the year or do you take one time charge in the quarter? And also, if you could just remind us where your maintenance plans are for the rest of the year and is there any other impact on costs that we should be looking for for the rest of the year. Thanks.

Bernardo Szpigel:

We account for the maintenance cost in the quarter in which it occurs. So, this is related to the maintenance that occurred in March of this year. There is another scheduled maintenance shutdown that is scheduled now for the 3Q08. It is a smaller shutdown and also the costs will be less. The account the cost of the maintenance shutdown in this quarter was R\$11 million which was something like R\$36 per ton.

It is also important to mention, because of the maintenance, the way we are viewing the learning curve of the pulp production, we also had some effects on the cash cost, excluding the charge for the maintenance shutdown.

These are things related to increase in chemicals consumption and fuel consumption. So, the R\$452 that Maciel referred to still affected negatively in the quarter because of the fuel instability and... so this is level that we are proving.

We anticipate, we continue to give an anticipation of where we are heading in terms of cash cost. We have been saying that we are moving toward levels of R\$400 to R\$410 per ton as we move along in the learning curve and stabilizing this process and what we have obtained in the 1Q of the year is very much in line with what we anticipated and we think that its probably the R\$400 to R\$410 is a good figure, although it is still conservative.

Debbie Bobovnikova:

Just to make sure I understood the right way. For the R\$452 cash cost, you are basically saying that takes out the impact of the maintenance related to fixed costs, but

that still has impact of higher raw material and chemical costs. Is that correct? So that still has some kind of maintenance impact in that R\$452 number.

Bernardo Szpigel:

For the R\$452 is excluding the costs that are specifically related to the material, the services that we have, and these are one time. What I am saying is that R\$452 and you exclude this, this is due to some expenses affected by the shutdown. So, it could be lower.

Debbie Bobovnikova:

OK. And for the US\$400 to US\$410 target that you are giving, what is the time frame to reach that target?

Bernardo Szpigel:

What we have been saying is that from a learning curve period, we think that there is a learning curve period in terms of volume, this we expect to be at capacity around the 3Q, beginning of the 2H08.

As for the chemicals consumption and wood consumption and others, this normally takes longer than that, it could be six months more, probably we are talking here in the end of this year, beginning of next year, this is what we have experienced in the past.

Debbie Bobovnikova:

And this would be already your consolidated cash cost, including all of your Line 1 and Line 2 and Suzano.

Bernardo Szpigel:

No. We are giving you figures for Mucuri, and this is Line 1 and Line 2.

Debbie Bobovnikova:

OK. Thank you. One question on your paper front. You mentioned on your press release about the packaging business facing import pressures as well. Can you explain a little bit more about evolution of imports in packaging grades in Brazil and who are the main importers?

André Dorf:

Regarding imports we are facing higher volumes in the coated segment. Coated imported papers accounted in the 1Q for approximately 45% of the domestic market. So, that where the greater impact is. Regarding the paper board, which the development of the paper board is destined to packaging, we are facing or perceiving approximately 9% of the domestic market imported mainly from the United States and Asia.

On the other hand, we have seen those markets, actually all the markets that we are on, growing significantly this quarter, they in total grew approximately 8% and we were able to capture 3.4% of this growth if we adjust the 1Q07 for the divestitures of Limeira and Cubatão, the two production units that belongs to Ripasa.

And talking specifically about the paper board, we presented a slightly decrease in our volumes compared year over year due to mainly the sale of Limeira, as I said, one of the former Ripasa's production units, and also because of the new capacity addition that we had in the domestic market. So, these two effects combined affected our domestic sales which we do not foresee for the future.

Debbie Bobovnikova:

This 9% share import is being relatively stable throughout the year?

André Dorf:

Yes.

Debbie Bobovnikova:

Great. Thank you.

Juliana Chu, BES Securities:

Hi. Good morning gentlemen. I have a question: you have commented in the Portuguese conference call that you intend to reduce in 5% your administrative expenses. I would like to know if you can give us more detail and how you would like to obtain that reduction and also if you are making other efforts regarding reduction of other operational expenses. Thank you.

Bernardo Szpigel:

I think you have a good point there. When we talk about 5% reduction, in fact we are attacking all the components of SG&A and this affects of course a larger of portion of that is related to labor costs, wages and all of this. So, productivity is... I am not talking about the per ton basis but in general, the total gross amount.

So, we have efforts in that and also in a number of fronts, I mean, all of this are being attacked. We have this so-called "The Matrix Project" here in which we have people who are responsible for each of the administrative components and they have specific plans.

The 5% amount that I referred to is what we have been obtained in the last years. If you look at the total amount for 2007 and compare it with 2006, you see these levels of reduction and we have plans and we can see how this is done, we can see the ways of this being done.

Your question is also related to the question of other fixed costs, and these are mostly industrial costs. We have efforts to reduce and improve efficiency in maintenance cost and other components of fixed costs. We have a very strong effort going on in operational efficiency, very well organized, where we intend to have important reduction. We have been obtaining them already, we are starting to see them coming in the results, and we are very confident that this will bring very interesting results.

So, on all of the fixed costs components or in the SG&A, we are moving with specific plans for all of them. And the other magnitude of 5% per year is reasonable, of course we will be working for more than that. But at least in next two years, something of this order can be obtained.

Juliana Chu:

OK. So just for checking; I can see probably in the future additional reduction besides this 5% SG&A, a 5% reduction in these expenses.

Antonio Maciel Neto:

Yes. That is the plan.

Juliana Chu:

OK. Thank you.

Thiago Lofiego, Merrill Lynch:

Just a follow-up question here. I just want to see an update on your views on the potential consolidation of the sector in Brazil, and how do you think you are going to take part on it, if you are. Thank you.

Antonio Maciel Neto:

We cannot add anything on top of what we have mentioned before, during the call, during the conversation with the press, events of our industry. What we have mentioned is that it is very easy for everybody to see that, worldwide, our sector is not consolidated yet; it is very easy to compare with all other, let us say, commodities sectors. If you see steel, aluminum, copper, we have a much more consolidated situation.

So, worldwide perspective, it is very easy to analyze and see that something is going to happen. What we have mentioned is that we do not know when and we do not know who is going to put the figures first. So this is something that we do not know when is going to happen and where it is going to start and from where.

So it is not a Brazilian case; this is an international and worldwide case that is going to happen and we do not know when; this year, next year or in five years. So what Suzano is doing, from one side, is improving revenues, it is reducing costs, to have a strong – as we have seen in the improvement was a very strong operational result. As

a result of that, we are improving our balance sheet, mainly considering also the start up of Line 2 in Mucuri.

So we are improving our operational results, we are having a stronger balance sheet and we will be ready to participate in a potential M&A process in the world. We are not targeting anything, as we speak, and our controlling shareholders are still considering and studying the situation, but we do not have anything to add for now on top of that we have mentioned before.

We are working hard to be a strong player in the global market for pulp and paper and we have very strong organic growth plans that we are moving forward, with a very strong and dedicated team, we are working very hard on that. And if some opportunities come in front of us, we will be ready to analyze.

Thiago Lofiego:

OK. Thank you.

Pedro Grimaldi, Goldman Sachs:

My first question is: you said on the Portuguese conference call that you expect price increase for next months. Could you be more specific on that or how much do you expect for your incorporate mix in price increase?

André Dorf:

We have heard in the market that some of our competitors have already announced some price increase for this and next month. And we are analyzing the appropriate timing and the amount of the increase, but we are very positive that this will happen this next quarter with the effect in the 3Q. But we are not disclosing the amount of the increase and the right timing as of now.

Pedro Grimaldi:

OK. And my second question; we have news on our local that are saying that the Brazilian Development Minister may reduce cut-size import tariffs from 16% to 0%. Do you think that will be implemented and which is the current domestic price premium for the segment for the cut-size segment?

André Dorf:

Actually, the cut-size market is somehow tight in every market. We have seen the United States market presenting some price increasing in the last month, and as well some European regions, despite of the appreciation of the Euro.

In respect to our characters here, we have seen the imports growing so our domestic prices adjusted to freight flee times and services are OK with the import levels, so we do not see any need for tariffs decrease in the short term.

Pedro Grimaldi:

OK. Thank you.

Debbie Bobovnikova, JPMorgan:

Just wanted to check in with you on your outlook for pulp pricing. We have the April price increase now. I guess one thing is just to get your thoughts and why you did not move with this big of a price increase as the rest of your competitors and if that means you have a slightly more cautious outlook on the pulp market than Aracruz and VCP.

Rogério Ziviani:

First of all, I think market flows on the prices depending on the mix of your sales and on the types of contracts that you have in each market. Actually, we announced the same price increase, if you may say so, in Asia and some of other areas like Europe, as well. But we did not follow the price that they have announced specially in the United States, for many reasons and one of the main reasons is that some of how competitors have contracts with much higher discount than us, selling to the same customers and to different customers too.

And this created a big lag between our prices in their cost. And that means that those pressures also came from the contracts that we have, which are much lower discounts than our competition. So if you look into the net price, that is published by all other colleagues or competitors, we have in line or higher, which means that; all the time we are very much under pressure from our customers saying that our pulp is the highest cost that they buy; of course they are willing to pay a premium, because of the FSC and our quality but there is a limit for that.

So on the other hand, I think this is normal, we see different price announcements also for other fibers like softwood, hardwood and in different places, in different areas, and in the past we also had some differences in eucalyptus as well in Europe and other areas.

We do not see anything wrong, I think what we have to see is, look into your profile of customers and see the best revenue management that you bring into your own company, and that is below if the price list is a little bit different, the revenue management will show that you have a better price net. And that is what we are looking at this moment, and that is what we think is more important.

Debbie Bobovnikova:

Do you think it is possible to have another round of price increases announced in the next few months?

Rogério Ziviani:

I think demand in Asia, as we mentioned before, is stronger than in the other areas, so if I may say so, we see the possibility today, even today, if we are going to announce a

price increase in Asia would be very acceptable because of the lack of tonnage available to supply that market, so I think we are going to see some movements in the quarter.

I cannot precise to you if this is going to be next month or the following month, but starting from the demand that we are seeing in Asia, most likely we will see a price increase starting there.

Debbie Bobovnikova:

OK. Thank you very much.

Operator:

This concludes the question and answer session. At this time, I would like to turn the floor back to Mr. Antonio Maciel Neto, for any closing remarks.

Antonio Maciel Neto:

OK. Thank you everyone again, it was a pleasure to meet you again, we will be always available for additional questions - Bernardo, Vinicius – our team will be available here for phone calls, e-mails or personal contact. I will just conclude saying that we are very positive with the coming quarters for Suzano.

On the revenue side, you will see that we will have more volume coming from the Line 2 in Mucuri, as we move forward with the learning curve. So the price in the pulp side will be the same price or higher, as we are anticipating a possible price increase in the pulp business still in the 1H08.

From the paper side, we will also have in the quarter, the seasonal effects where we notice the lowest levels during the year. So we have anticipated that we are going to have a higher volume and also better price in the local market in the cost of paper and also we are going to notice next quarter, in the external market, in the foreign market, the global market a price increase, not only Suzano, but actually worldwide. From the paper business as well, we are going to see some volume increase and some price movement. So from the revenues side, we are very positive on that.

On the cost side, Line 2 volumes will reduce our cash cost, as Bernardo has mentioned before as well. And we are working very hard in all fronts, it was underlined here about our efforts related to fixed costs but we have this operational excellence program where we are working very hard from the cost side.

From the operation side, we are positive that we are going to see good news from the revenues side, and the same for the costs side, improving our margins and the results, despite the levels of the exchange rate that we are facing as we speak. As a result of this very strong EBITDA levels, we are running annually at a level of R\$800 million per year.

Our balance sheet is improving, it is already very good, but we are going to have a very solid, very strong, what will give us, along with the quality of our product, FSC certified products, 100% of a planted forest for all products. Very good recognition from the customers, very good quality, very good relationship and long tradition in the market will give us and allow us to prepare and to move forward on the organic growth side.

So revenues are OK, costs are OK, growth is ready to go and we are going to continue working and we are very happy and very thankful for all the support we have seen from you guys. Thank you very much.

Operator:

Thank you. This concludes today's presentation. You may disconnect your lines at this time, and have a wonderful day.

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