



**SUZANO**  
PAPEL E CELULOSE



## 3Q06 Consolidated Results

October 19, 2006

*Certain statements in this presentation and during the Q&A session of this conference call 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 forth in the forward-looking statements.*

The restatement was as follows:

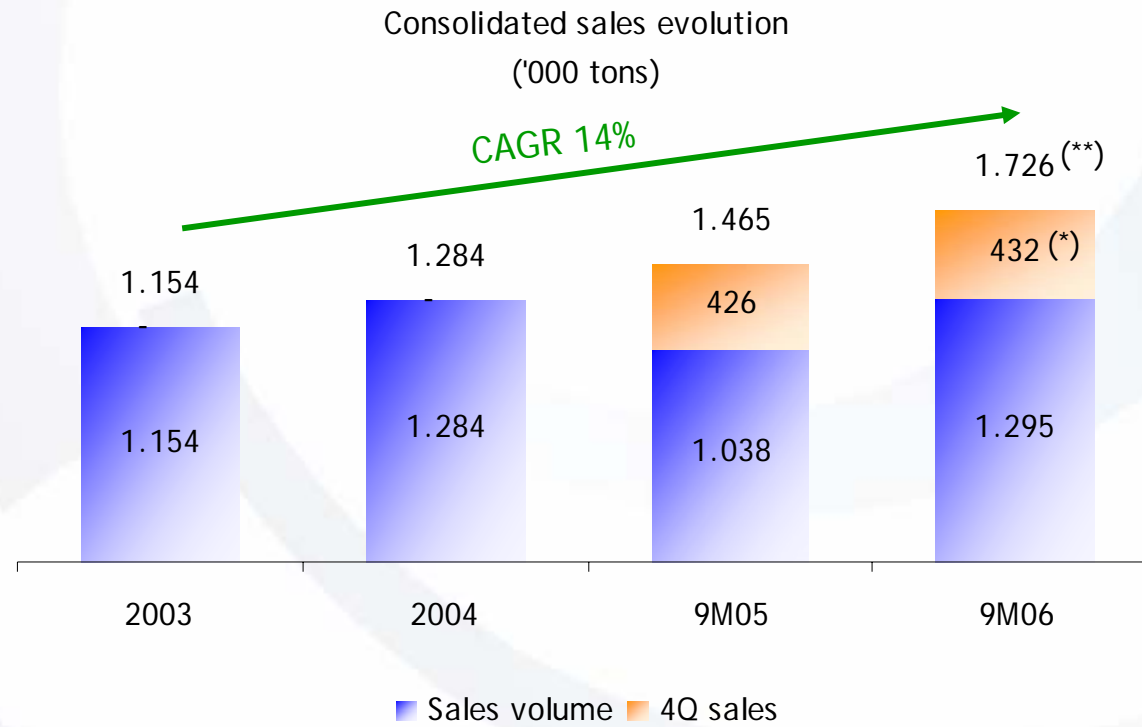
- Net Sales ↑ R\$ 19.5 million
- Cost of Sales ↑ R\$ 19.5 million
- Ebitda - as previously stated
- Ebitda margin - ↓0.8 p.p, from 35.8% to 35.0%
- Net income and net income per share - as previously stated

<i>(R\$ thousand)</i>	3 <sup>rd</sup> quarter 2006		
	Old	Restatement	New
Net Sales	835.945	19.547	855.492
Cost of Sales	512.580	19.547	532.127
Gross Profit	323.365	-	323.365
Gross Margin	38,7%	0,9 p.p	37,8%
Ebitda	299.106	-	299.106
Ebitda Margin	35,8%	0,8 p.p	35,0%

*Starting with these results, our YoY comparisons are pro-forma including the 50% of Ripasa.*

- New **pulp price increase** of US\$20 per ton announced for every market is expected to bring pulp prices to US\$680/ton CIF Northern Europe by November 2006.
- **Record Consolidated Ebitda**: US\$138 million.
- **Mucuri Project**: Assembly of plant has begun, is in line with financial and physical schedule.
- **Share liquidity significantly increased**, after conclusion of Ripasa restructuring: average daily trading **up** from R\$ 3.2 million in 2Q06 to R\$ 6.2 million in 3Q06.
- Suzano starts sale of Ripasa products **exclusively with the Ripax<sup>®</sup>** cut size paper brand.
- Issue of **convertible debentures**: R\$ 240 million.
  - 92% acquired by BNDES, the rest by other shareholders.

# Increase in sales volume ('000 tons)



(\*) Difference between 9M06 annualized sales and 9M06 realized sales.

(\*\*) 9M06 annualized sales.

- Capex of R\$ 352 million in 3Q06; brings total spent so far to **US\$480 million**, or 37% of the total approved by the Board Meeting of October 2006.
- **Assembly of plant** already started, in line with financial and physical schedule
- Connection "**tie-ins**" between lines 1 and 2 realized during maintenance shutdown in September 2006.

# Photos - Setembro 2006



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*Recovery boiler*



*Drying machine*



*Turbo generator - Electricity room*



*Evaporation*



*Cooking*

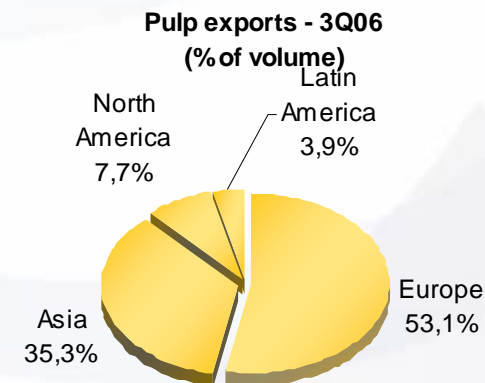
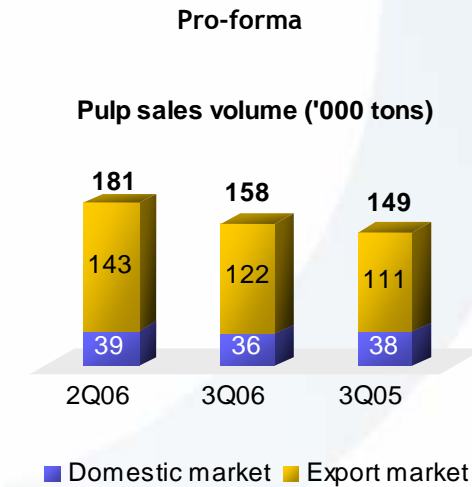


*Boiler being shipped at Antwerp*

- Average pulp export price **US\$ 587/ton** in 3Q06 – vs. **US\$558/ton** in 2Q06.
- Favorable forecast for the sector:
  - **New price increase** of US\$ 20/ ton in November for all markets
  - High cost producers continuing to restructure their production.
- **Higher sales** in this quarter due to consolidation of Ripasa sales, mainly sold to the domestic market. The start-up of the P630 project at Ripasa will increase access to the export market for Ripasa pulp.

# Pulp Business Unit

- World inventories at 31 days, 1 day up from June.
- Mucuri cash cost: US\$ 206/ton, with the partial effect of maintenance shutdown in September.





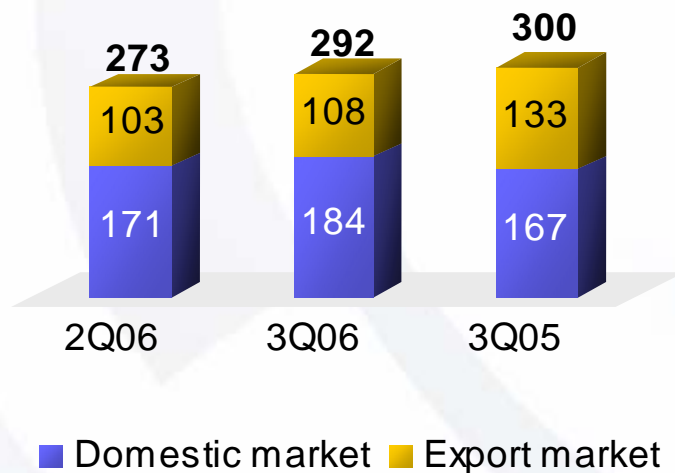
- **Good outlook for the sector**
  - Domestic market: Start of government paper purchases for schoolbooks program (PNLD), prices pressured by imports and appreciation of the Real.
  - Export market: Higher international prices.
- Domestic sales reached **63%** of total paper sales volume.
- Domestic paper sales 8% up from 2Q06.
- **Spread of paper prices** to eucalyptus pulp list prices (CIF North Europe – in reels):

*US\$ / ton*

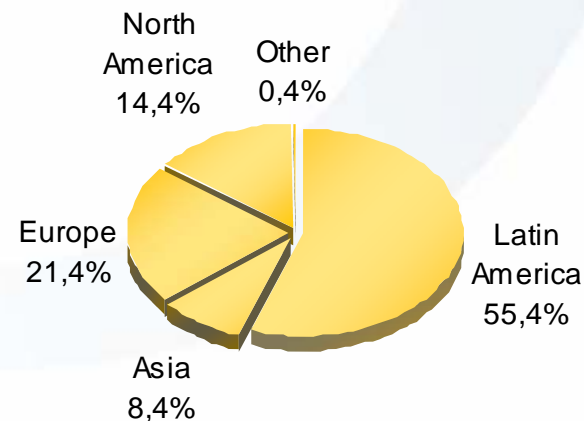
3Q06	2Q06	10-year average
158	163	218

Pro-forma

Paper sales volume ('000 tons)



Paper exports - 3Q06  
(% of volume)



**REPORT**<sup>®</sup>  
A MARCA DO PAPEL

**RIPAX**

# Quarter highlights

## *Pro-forma with 50% of Ripasa*

	<u>3Q06</u>	<u>2Q06</u>	<u>Δ %</u>
Sales volume	450 000 ton	454 000 ton	↓ 0.9%
Paper sales volume – domestic market	184 000 ton	171 000 ton	↑ 7.8%
Pulp sales volume – export market	122 000 ton	143 000 ton	↓ 14.2%
Net sales	R\$ 855 mm	R\$ 817 mm	↑ 4.7%
Pulp cash cost (without cost of standing timber)	R\$ 447 / ton	R\$ 447 / ton	—
<b>Ebitda</b>			
R\$	R\$ 299 mm	R\$ 272 mm	↑ 9.9%
US\$	US\$ 138 mm	US\$ 125 mm	↑ 10.4%
Margin	35.0%	33.5%	↑ 1.5 pp

# FX scenario and net profit

FX rate, R\$ / US\$	2Q06	3Q06	3Q05
Start of period	2.17	2.16	2.35
End of period	2.16	2.17	2.22
Average	2.18	2.17	2.34
Change	-0.37%	0.46%	-5.45%

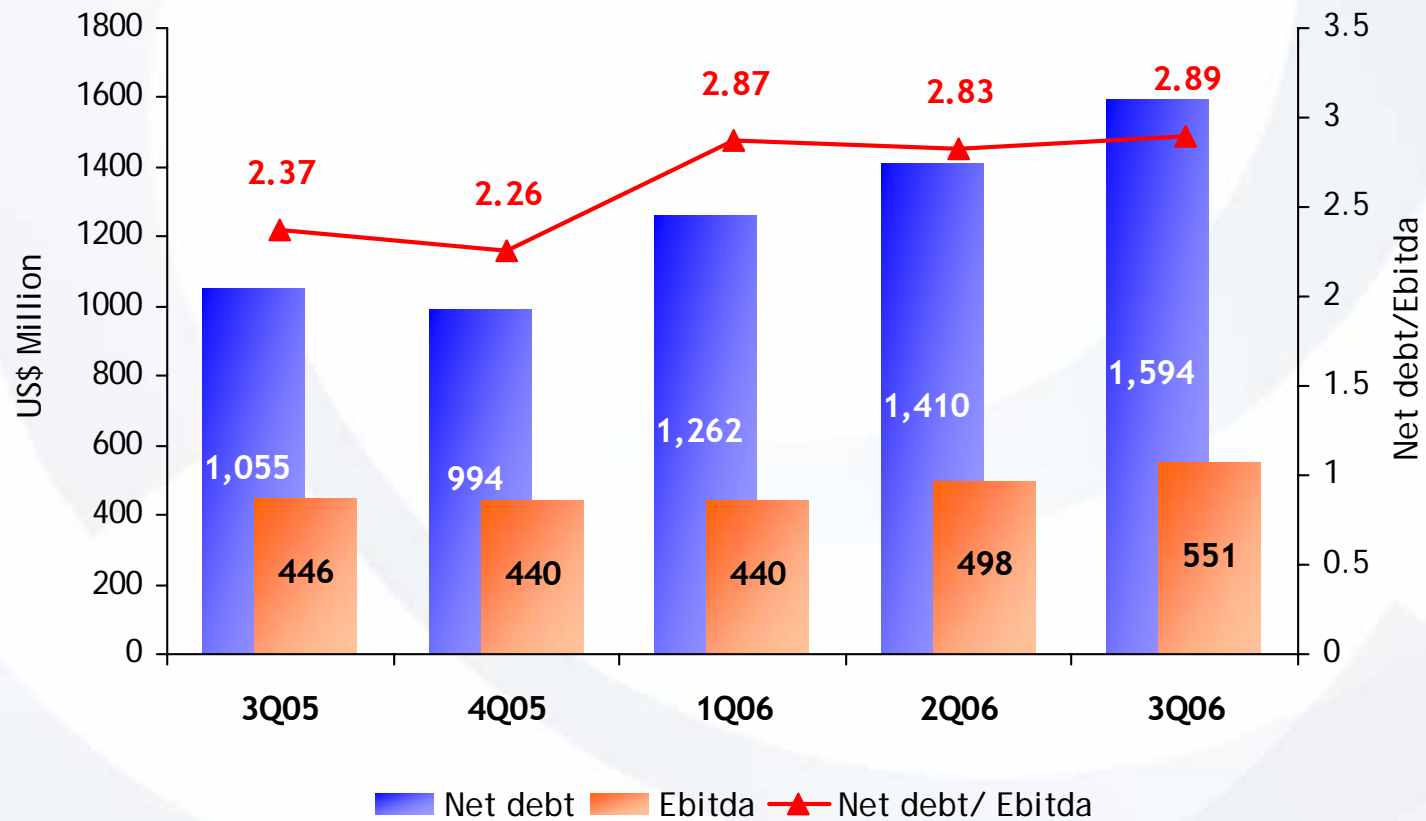
Net profit (\*)

<u>3Q06</u>	<u>2QT06</u>	<u>Change %</u>
R\$ 98 mm	R\$ 103 mm	↓ 5%

(\*) Including Ripasa: proportional consolidation of 23.03% up to April 2006 and 50.0% after May 2006.

# Leverage

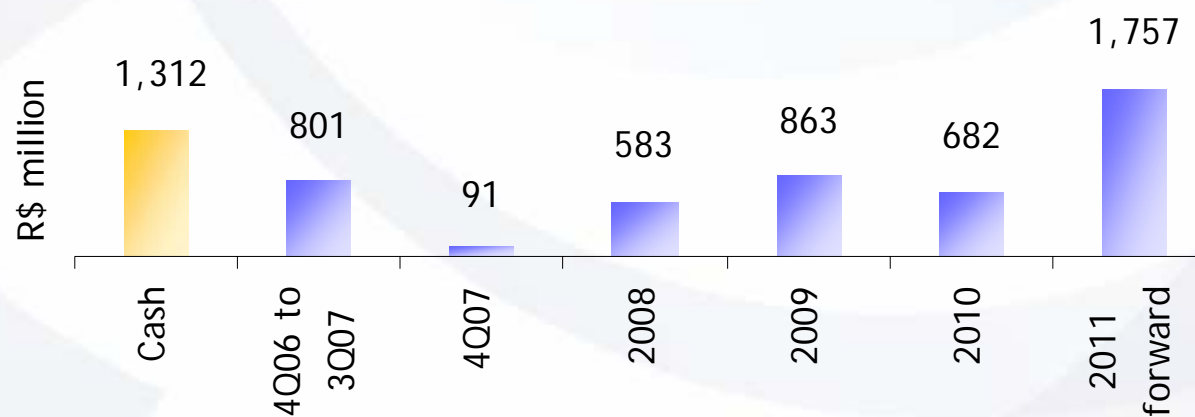
## *Pro-forma with 50% of Ripasa*



Note: Ebitda of 3Q06 annualized.

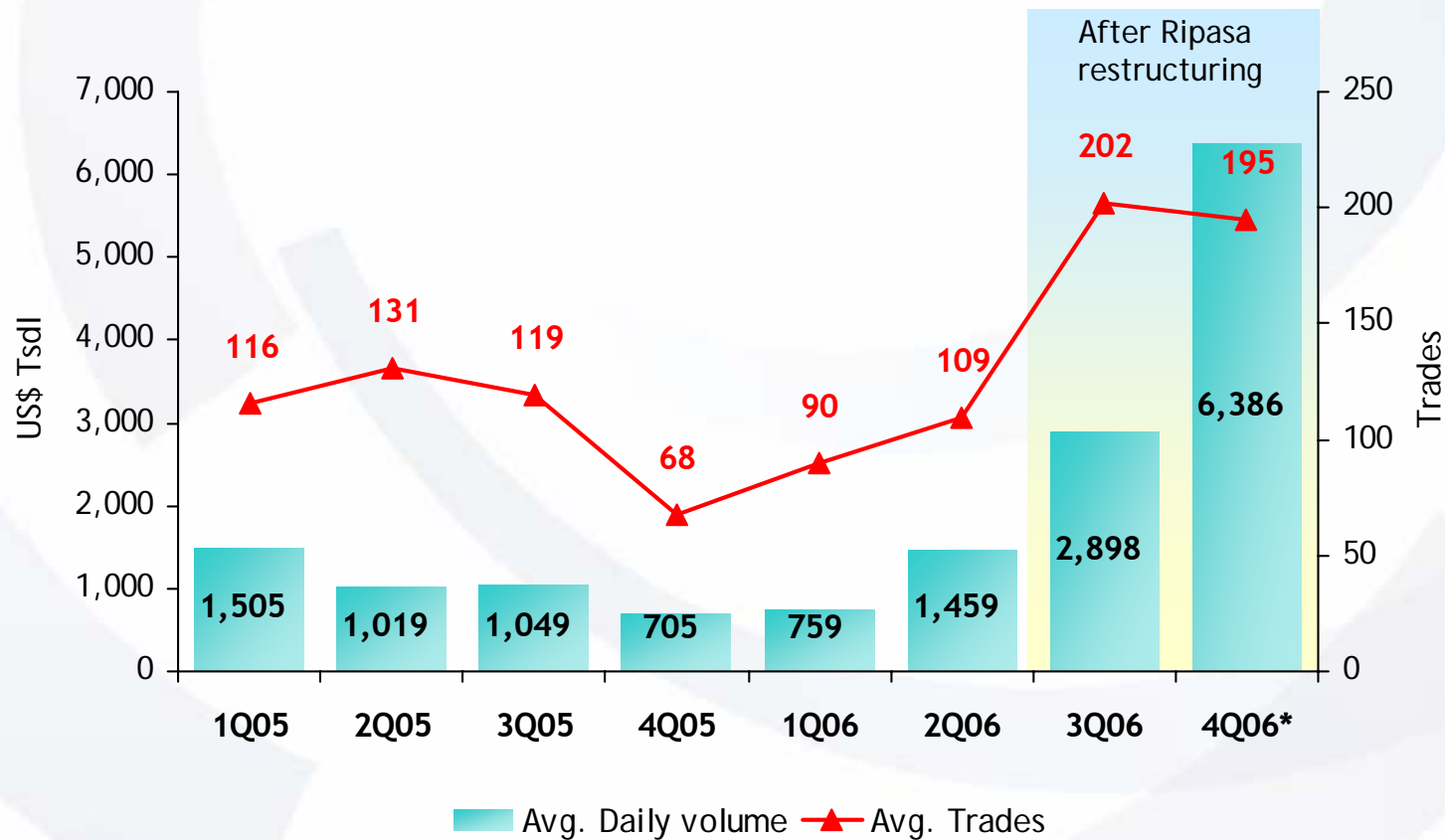
- Average maturity of long term debt: **4.1 years**
- Average cost of US\$ debt: **5.9% p.a.**
- Average cost of R\$ debt : **9.3% p.a.**

Debt schedule of amortization



# Share liquidity

- Liquidity of the stock increased after the restructuring of Ripasa and migration of minority shareholders:



(\*) From October 1 to October 16, 2006.

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