



**SUZANO**  
PAPEL E CELULOSE

1Q07 Consolidated Results  
May 2<sup>nd</sup>, 2007



- **Acquisition of 50% of Embú** unit for US\$20 million, paid on March 30, 2007;
- **Mucuri Project:** Most of the civil works have been completed, assembly continues as planned;
- **New tax incentives** granted to the company on the Mucuri region;
- **Average prices of uncoated papers:** 3.1% higher than in 4Q06 in the domestic market;
- **Follow on equity offering** increased free float from 35.6% to 42.3%;
- **Sales and administrative expenses** 19.4% lower than in 4Q06;
- **Record production volume:** 458.5 tsd tons.

- **Accelerated depreciation**
  - Total depreciation in the year of acquisition;
  - Deferral of payment of income tax over the useful life of the asset;
  - Effective date: 01.01.2006 ;
- **Cash flow effects in 2006 and 1Q07: No tax will be paid**
- **Effective tax:**
  - Present value of deferral is not reflected on the financial statements;
  - In 2006 and 1Q07 the resulting taxable profit is zero, then 75% reduction in taxable profit is not used in 2006 and 1Q07;
  - 1Q07 effective tax rate impacted by reversal of the 75% of 2006 income tax reduction.

- Investment reaches **69% of total capex** (US\$ 903 million);
- Commissioning team is preparing for startup.

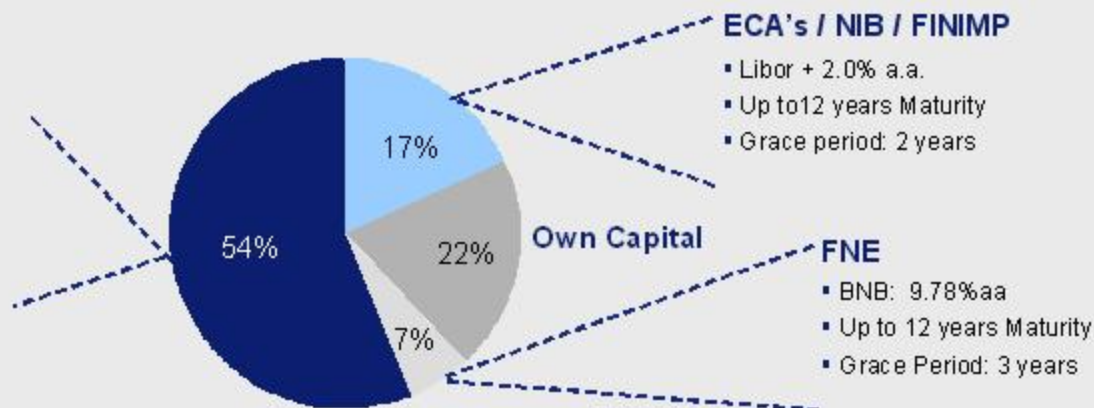
## Investment schedule - US\$ million

	2005R	2006R	2007E	2008E	Total
Investments	55.2	718.1	482.6	50.8	1,306.7

## Funding

### BNDES

- TJLP + 2.50% aa
- Currency Basket + 8.00% aa
- 10 – 11 years Maturity
- Grace Period: 3 years





*Causticizing and lime kiln*



*Wood Yard*



*Turbo Generator*



*WSB*



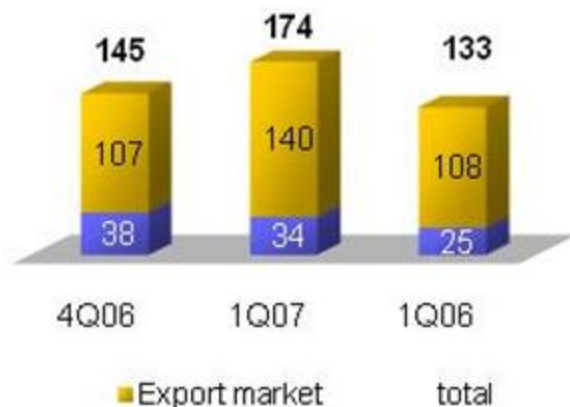
*Dryer*



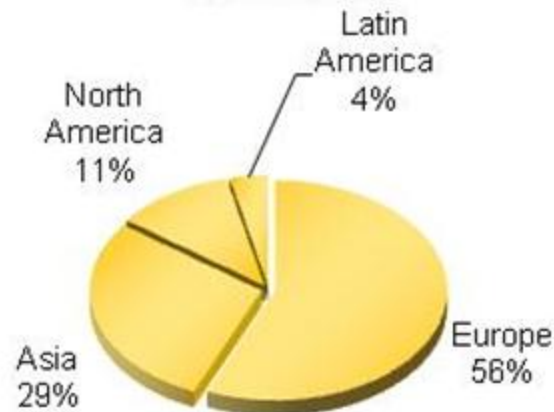
*Cooking*

- Average pulp export price **US\$ 588/ton** in 1Q07;
- **Demand, supply** and pulp **prices** stable in 1Q07;
- **Global shipments of eucalyptus pulp** were 5.9% higher than in 1Q06;
- Increase in spread between prices of softwood and hardwood pulp, to around **US\$100 / ton**.

Pulp Sales volume (thousand tons)



Pulp exports - 1Q07  
(% of volume)

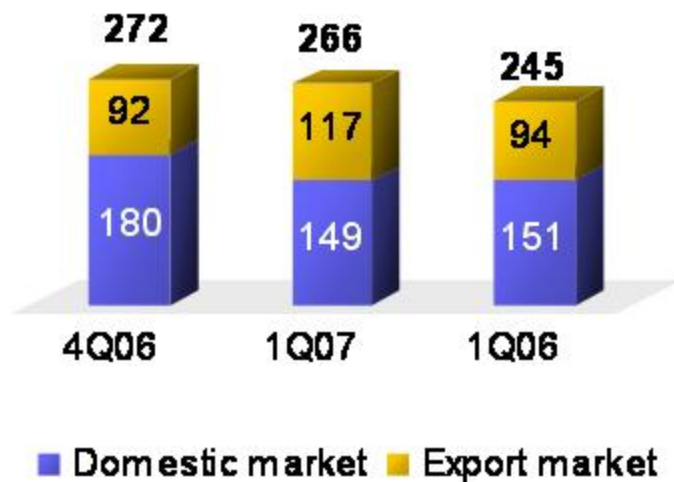


- **Production:** 174,1 tsd tons of market pulp;
- **Cash cost:** US\$ 219/ton in 1Q07;
- **Export market:** responsible for 80% of total pulp sales;

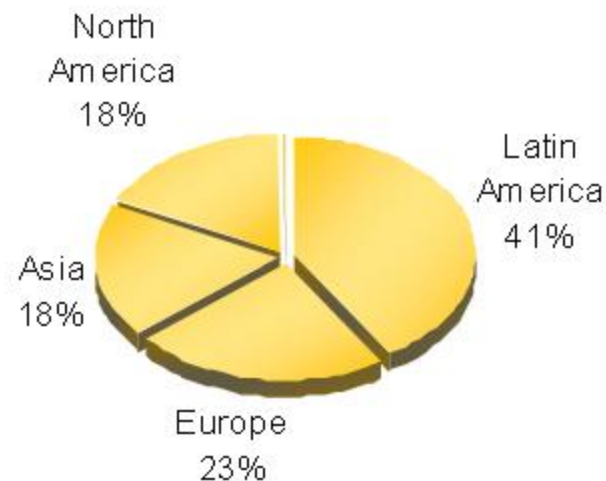
- Price increases in main markets;
- **Average price** reached US\$ 899 / ton in the export market and R\$ 2.434 in the domestic market;
- **56%** of volume sold to the domestic market;
- Volume increased 26,8% in the export market comparing to the 4Q06;
- **EMBU** Aquisition:
  - US\$ 20 million for 50%.
  - Quality assets - **48 tsd** paperboard tons.



**Paper sales volume (thousand tons)**



**Paper exports - 1Q07  
(% of volume)**



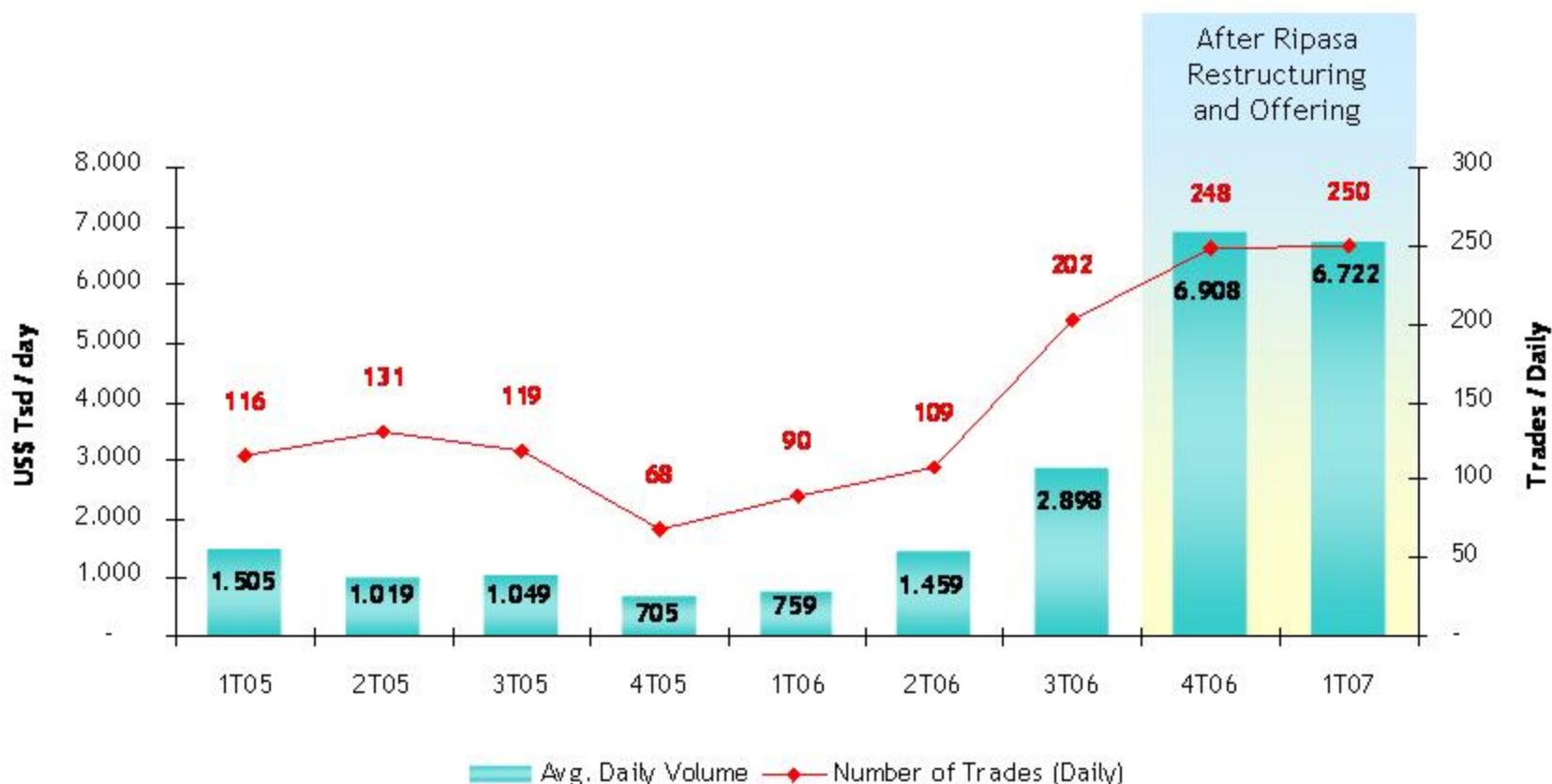
**REPORT**<sup>®</sup>  
A MARCA DO PAPEL

**RIPAX**

	<u>1Q07</u>	<u>4Q06</u>	<u>Variação %</u>
Sales volume	440 tsd ton	417 tsd ton	↑ 5,5%
Paper sales volume – domestic market	149 tsd ton	180 tsd ton	↓ 17,2%
Pulp sales volume – export market	139 tsd ton	107 tsd ton	↑ 29,9%
Net sales	R\$ 809 mn	R\$ 799 mn	↑ 1,3%
Net Income	R\$ 106 mn	R\$ 90 mn	↑ 17,7%
Pulp cash cost (without cost of standing timber)	R\$ 462 / ton	R\$ 499 / ton	↓ 7,4%
Ebitda			
R\$	R\$ 275 mn	R\$ 261 mn	↑ 5,3%
US\$	US\$ 130 mn	US\$ 121 mn	↑ 7,4%
Margin	33,9%	32,7%	↑ 1,2 p.p.
Net Debt/ Ebitda (LTM)	3,72x	3,77x	

	<u>1T07</u>	<u>1T06</u>	<u>Variação %</u>
Sales volume	440 tsd ton	378 tsd ton	↑ 16,4%
Paper sales volume – domestic market	149 tsd ton	151 tsd ton	↓ 1,3%
Pulp sales volume – export market	139 tsd ton	108 tsd ton	↑ 28,7%
Net sales	R\$ 809 mn	R\$ 656 mn	↑ 23,3%
Net Income	R\$ 106 mn	R\$ 152 mn	↓ 30,3%
Pulp cash cost (without cost of standing timber)	R\$ 462 / ton	R\$ 434 / ton	↑ 6,5%
Ebitda			
R\$	R\$ 275 mn	R\$ 216 mn	↑ 27,3%
US\$	US\$ 130 mn	US\$ 98 mn	↑ 32,7%
Margin	33,9%	33,0%	↑ 0,9 p.p.
Net Debt/ Ebitda (LTM)	3,72x	2,86x	

Liquidity of the stock increased after the restructuring of Ripasa and equity offering:





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