



**SUZANO**  
PULP AND PAPER

# 4Q11 RESULTS

March 27<sup>th</sup>, 2012



## General Notice

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Certain statements in this presentation may constitute forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that could cause actual results to differ materially from the forward-looking statements. These risks include changes in customer demand for the Company's products, changes in factors that affect the domestic prices for products, changes in costs' structure, seasonal fluctuations in customer orders, pricing actions by competitors, significant changes in the applicable rates of exchange of the Brazilian real against the US dollar, and general changes in the economic environment in Brazil, emerging markets or internationally.

# Pulp Business Unit

Higher sales volume due to seasonality and additional volume with Conpacel acquisition



## Market Pulp Highlights

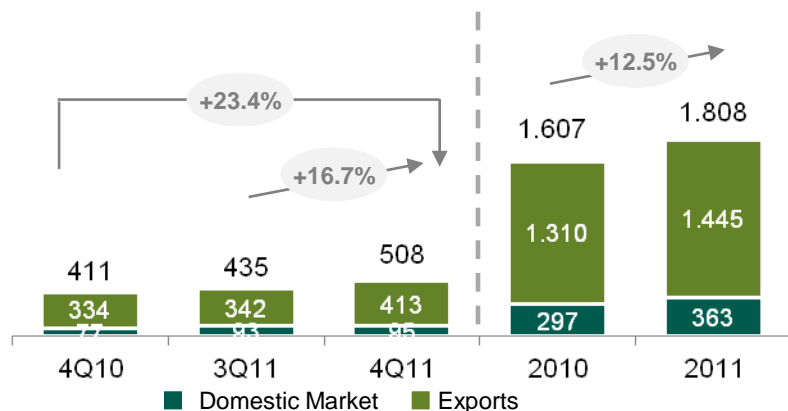
MM ton	4Q11	4Q11 x 3Q11	4Q11 x 4Q10	2011	2011 x 2010
<b>Market Pulp</b>	<b>10.8</b>	<b>+2.8%</b>	<b>-0.2%</b>	<b>42.6</b>	<b>+3.6%</b>
China	2.8	+20.1%	+20.1%	9.3	+30.1%
Europe	3.6	-1.9%	-8.0%	15.3	-2.4%
<b>Eucalyptus</b>	<b>4.0</b>	<b>+12.7%</b>	<b>+13.0%</b>	<b>14.7</b>	<b>+6.1%</b>
China	1.2	+71.4%	+74.3%	3.0	+29.2%
Europe	1.5	-1.5%	-1.4%	6.6	+3.2%

- Highlight: shipments to **China**
  - start-up of new paper capacity
  - rebuilding of inventories in the region
- **Europe**: shrinking demand due to eurozone crisis
- **4Q11 pulp supply: -2.5% vs 3Q11 e -2.3% vs 4Q10**
- **Average global inventory: 34 days<sup>1</sup> (dec/11)**
- **Decline in pulp prices<sup>2</sup> in all regions**

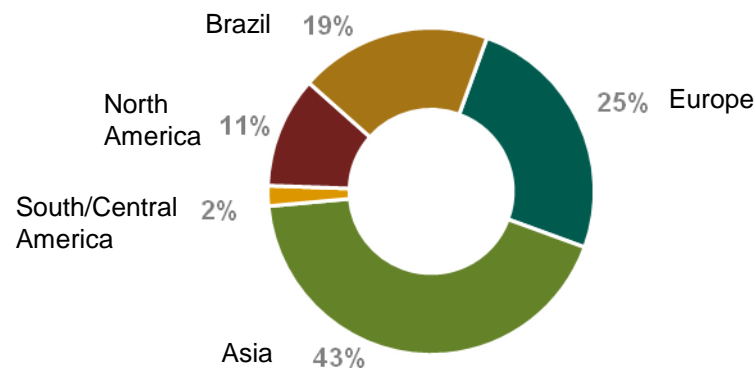
Source: <sup>1</sup>PPPC; <sup>2</sup>FOEX

## Suzano Highlight

### Suzano Pulp Sales Volume (K ton)



### Suzano Pulp Sales Destination – 4Q11



### Paper Market Highlights

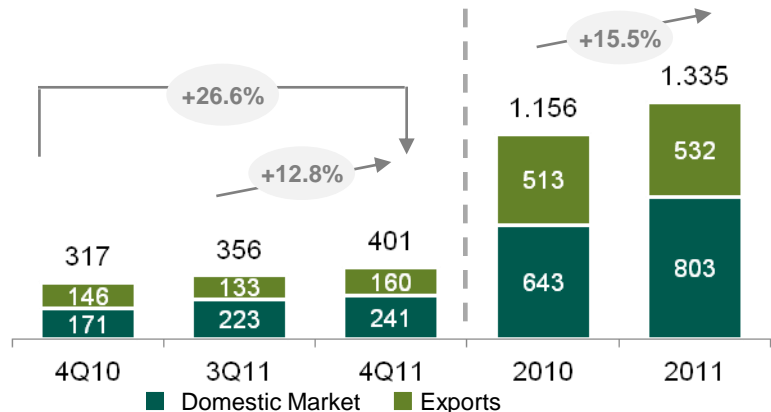
MM ton	4Q11	4Q11 x 3Q11	4Q11 x 4Q10	2011	2011 x 2010
<b>Brazilian Demand</b>	<b>659</b>	<b>+2.6%</b>	<b>-4.4%</b>	<b>2,476</b>	<b>-3.3%</b>
Paperboard	148	+0.7%	-1.1%	557	-8.5%
P&W	511	+3.2%	-5.4%	1,919	-1.6%
Coated	139	-1.2%	-16.4%	570	-9.7%
Uncoated	372	+4.9%	-0.5%	1,348	+2.3%

- **Domestic demand: +2.6% vs 3Q11**
  - **Paperboard (+0.7%) and P&W (+3.2%)**
- Measures adopted by the Brazilian authorities to reduce deviation use for tax exempt paper helped **decreasing P&W imports market share (-4.3 p.p. vs 3Q11)**
  - **Coated: 47%** (vs 55% in 3Q11)
  - **Uncoated: 7%** (vs 9% 1n 3Q11)

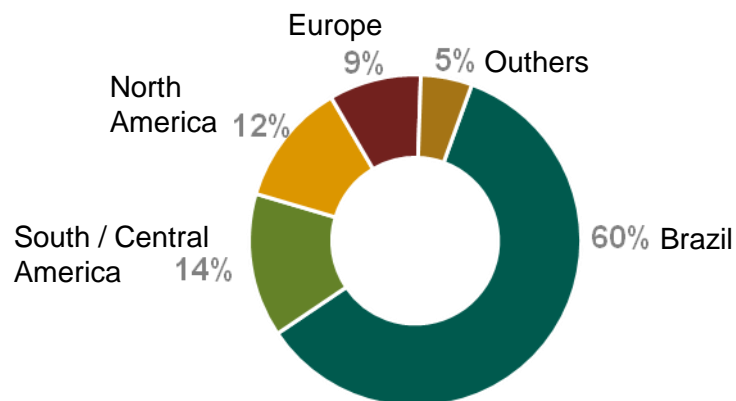
Source: <sup>1</sup>Bracelpa

### Suzano Highlights

Suzano Paper Sales Volume (K ton)



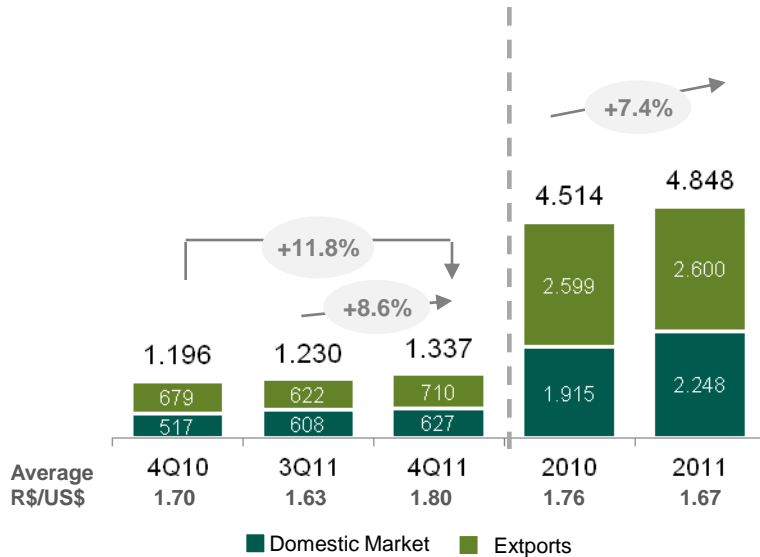
Suzano Paper Sales Destination – 4Q11



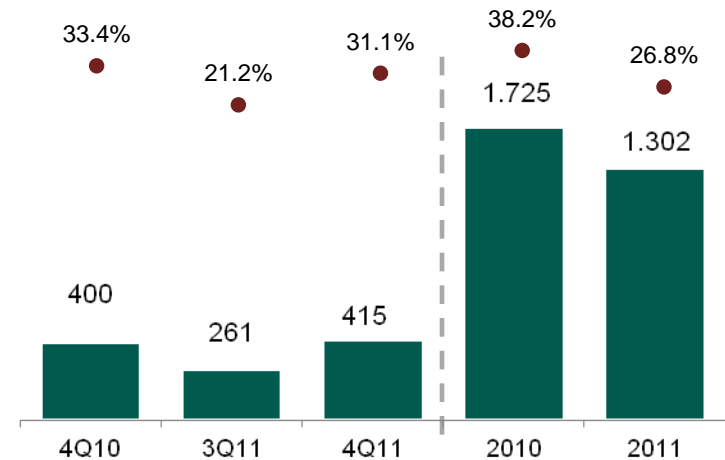
# Consolidated Results

## Stability in Mucuri allows for lower cash cost in 4Q11

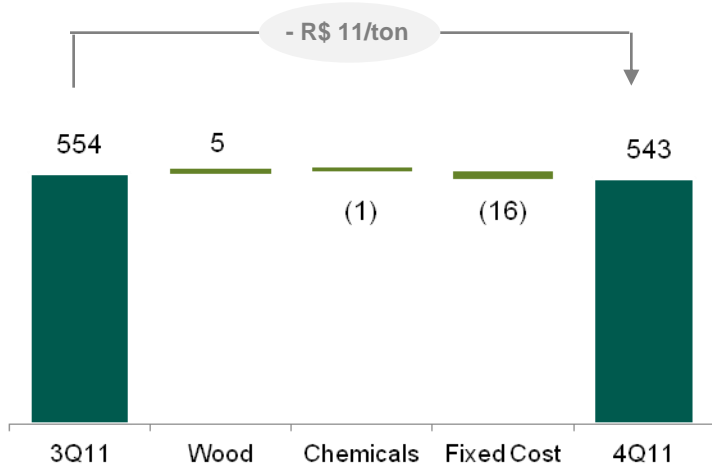
### Net Revenue (R\$ million)



### EBITDA (R\$ million) and EBITDA Margin (%)



### Cash Costs ex-Maintenance Downtime (R\$/ton)

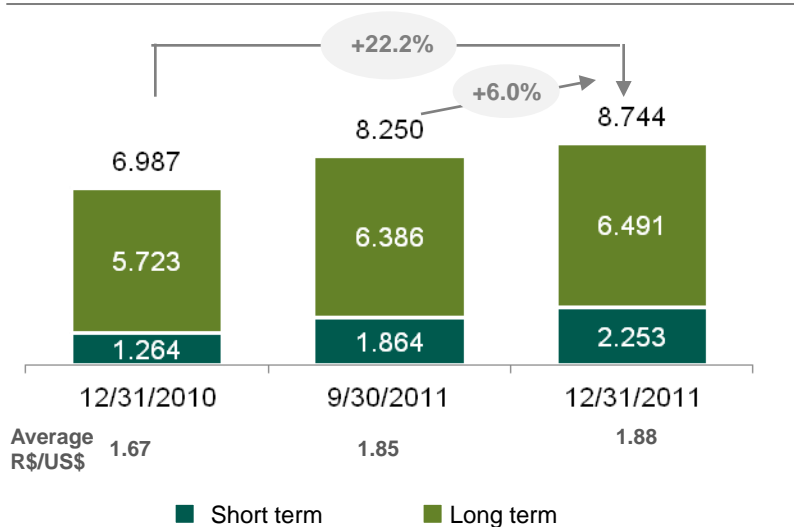


- Reduction in the cash cost
  - **Fixed cost** reduction due to **no maintenance** downtimes in the quarter and **stability in Mucuri**
  - Higher share of third-party wood
- Increase in COGS
  - Higher volume and product sales mix
  - No maintenance downtimes in the quarter
  - Depreciation of the BRL against the USD

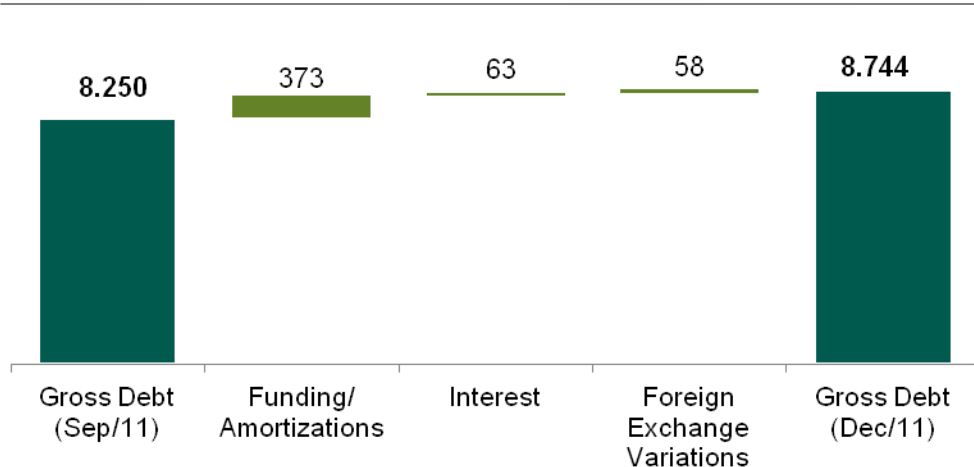
# Debt

Comfortable debt profile, with an average term of around four years

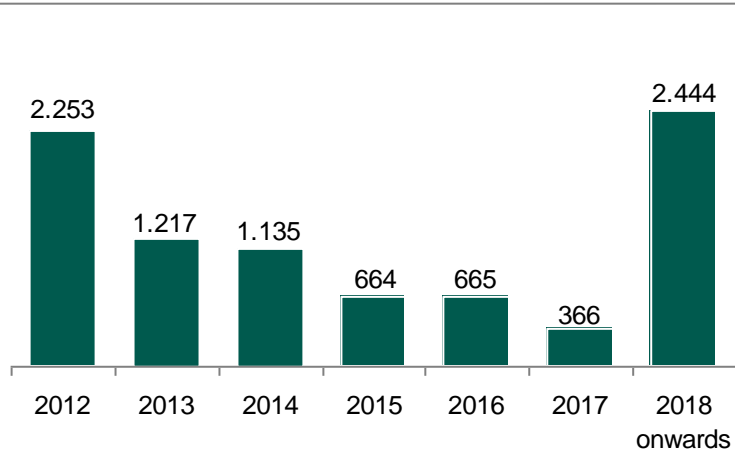
## Gross Debt (R\$ million)



## Gross Debt (R\$ million)



## Amortization Schedule (R\$ million)



- Cash position: R\$3.3 billion (Dec/11)
- Net Debt/EBITDA: 4,2x
- As previously announced, the Company has been working on initiatives to reduce leverage

# Capital Expenditure

Start of industrial investment in the Maranhão unit and Conpacel acquisition are most of 2011 growth capex

Capex (R\$ million)	4Q11	4Q10	Δ Y-o-Y	3Q11	Δ Q-o-Q	2011	2010	Δ Y-o-Y
Sustain	166	118	+40.6%	138	+20.3%	518	330	+56.9%
Industrial	58	38	+51.3%	54	+6.7%	170	98	+73.9%
Floresty	108	80	+35.4%	84	+29.2%	348	232	+49.7%
Growth	185	79	+135.2%	509	-63.6%	2,671	260	+927.3%
Outuers	15	7	+118.0%	13	+21.5%	35	13	+176.8%
<b>TOTAL</b>	<b>367</b>	<b>204</b>	<b>+79.7%</b>	<b>660</b>	<b>-44.4%</b>	<b>3.225</b>	<b>603</b>	<b>+434.7%</b>

## ▪ Sustain:

- Conpacel: +R\$46 million forestry and +R\$26 million industrial capex vs 2010
- Mucuri maintenance capex increase
- Increase the planting program in order to recover the average forest age in Bahia

## ▪ Growth Projects:

- Conpacel: +R\$1.5 billion
- Maranhão: ~R\$800 million
- Piauí: ~R\$200 million



# Capital Expenditure

Maranhão project is on track and estimated start up for 4Q13

## ■ Ongoing project:

- earth-moving work concluded
- infrastructure works already started
- About **4,000 people** working in Maranhão Unit construction and forest formation
- Agreement for the training of around 6,000 people on construction work and services: ~ 2,500 people

## ■ Funding structured:

- **BNDES: R\$2.7 billion**, maturing in 12 years, with a three-year grace period
- Mandatory **convertible debentures: R\$1.2 billion**
- Funding for the imported equipment supported by foreign credit agencies (**ECA's** among others)
- **Cash flow** generation



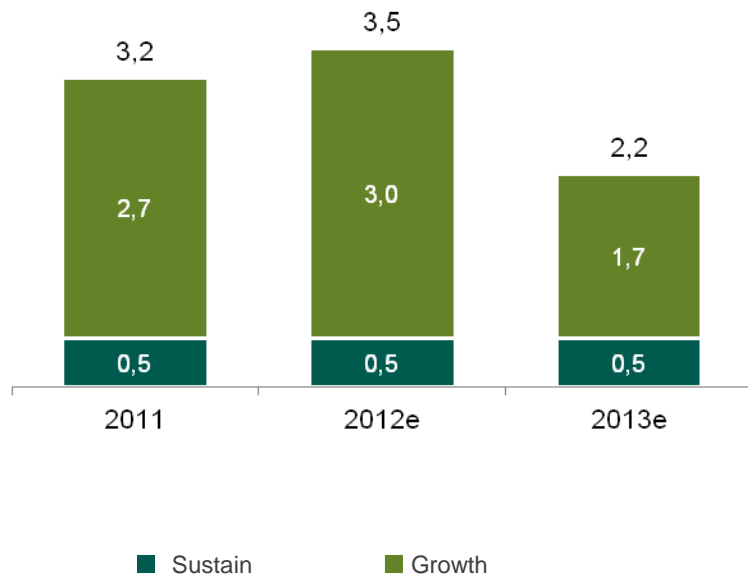
Capex (R\$ million)	2009	2010	2011
Forestry	193	159	177
Industrial	0	4	664
<b>Total</b>	<b>193</b>	<b>162</b>	<b>841</b>



# Capital Expenditure

R\$800 million reduction in expansion projects capex

Capex (R\$ billion)



## R\$800 million reduction in expansion projects capex in 2 years:

- No change in the Maranhão project investment
- Piauí forest investment reduced to the minimum amount necessary for sustain
- As for the Suzano Renewable Energy investment in 2012, Suzano Pulp and Paper will contribute existing land and forest

Note: Estimates do not include Suzano Renewable Energy. The investment will only happen after capital structure is defined.

### ■ Pulp and Paper Markets

#### • Pulp:

- Higher eucalyptus pulp **shipments** (+6.1% vs 2010), **China** was the highlight
- **Price decrease** throughout 2011 due to the resumption in global supply and inventory increase

#### • Paper:

- **Sharp decrease** in **imports market share** throughout 2011
- Domestic demand reduction (-3.3%) as a result of a cooling Brazilian economy in 2011

### ■ Net revenue records R\$4.8 billion (+7.4%)

### ■ Pulp price reduction, **appreciation** of the **BRL** against the **USD** and cost increase impacted operational results:

- EBITDA of R\$1.3 billion and 26.8% of EBITDA margin

### ■ Financial solidity

- Adequate debt profile and competitive cost with an average term of around four years
- **Robust cash position:** R\$3.3 billion
- Net Debt/EBITDA of **4,2x** in Dec/11: several ongoing initiatives to reduce medium/long term leverage
- Reduction of **~R\$300 million** in the announced investment

### ■ Maranhão Project construction starts:

- Acquisition of main equipment, conclusion of earthmoving and start of infrastructure work
- Funding structured
- Project is on track and estimated start up for 4Q13

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