



**SUZANO**  
PULP AND PAPER

**2Q12 Results  
Presentation**



## 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.

**01** | Financial Shield

**02** | 2Q12 Earnings Results

**03** | Maranhão Project

# Financial Shield Package

The Offering is one of the components of a comprehensive package which brought the comfort needed in terms of cash flow until the end of 2016

1

## R\$ 2.8 BILLION CASH

- Cash position of the company as of 30<sup>th</sup> June 2012

2

## R\$ 1.5 BILLION EQUITY OFFERING

- Issuance of 119,605,766 ordinary shares, 246,221,728 class A preferred shares and 14,720 class B preferred shares

3

## R\$ 1.2 BILLION DEBT RESTRUCTURING SIGNED

- Debt with amortizations in 2012, 2013 e 2014 were renegotiated reducing amortization volumes, and releasing cash flow for expansion

4

## STAND-BY FACILITY

- Availability of a stand-by facility of up to R\$ 2.0 Billion
- Credit line will be available until 1Q2014

5

## FUNDING OF MARANHÃO PROJECT

- R\$ 2.7 bi credit line (R\$ 2.3 bi still not in use) with BNDES
- Negotiations in progress for up to R\$750 million with the *Export Credit Agency* (ECAs)

6

## SALE OF NON-CORE ASSETS AND/OR PARTNERSHIPS



**Additionally, several operational initiatives are being implemented:**

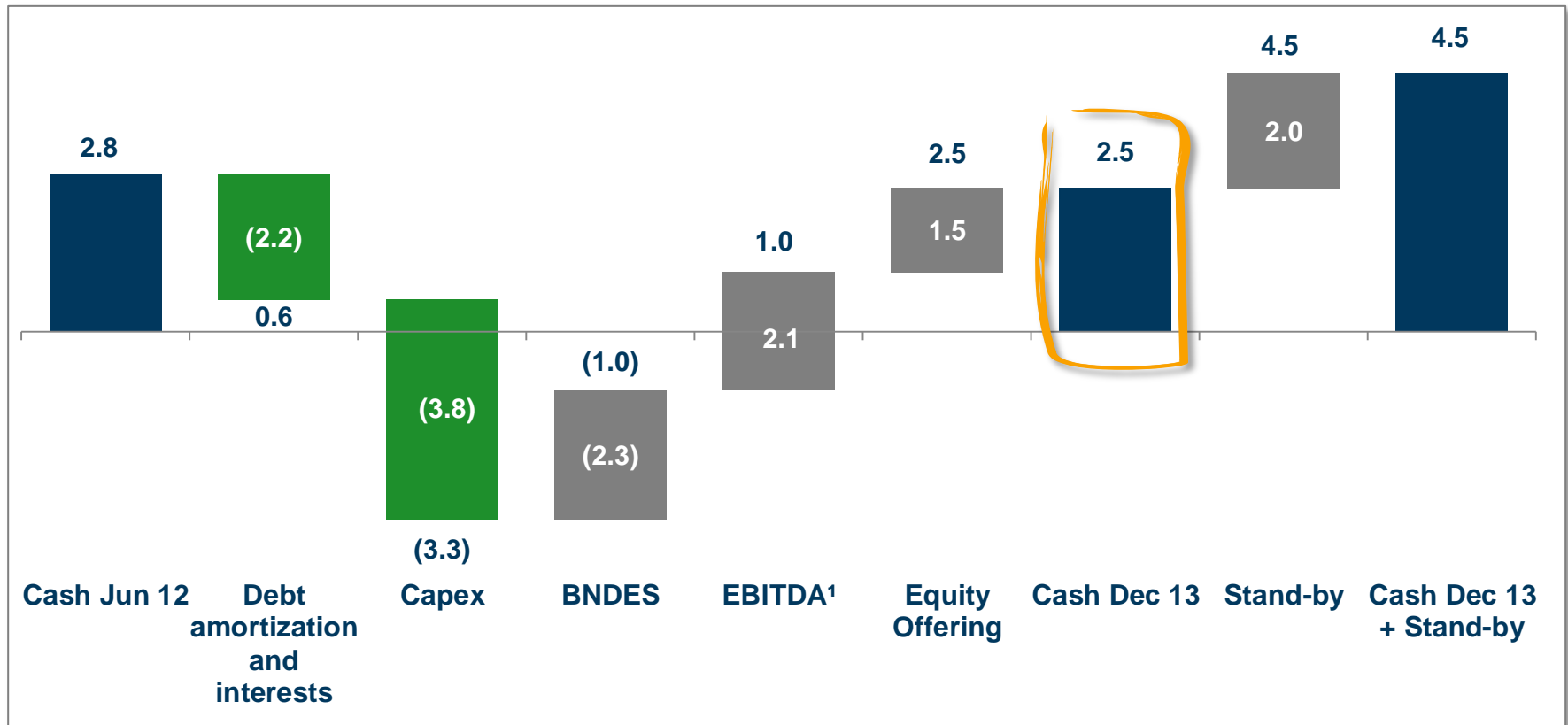
**(i) General adjustments on the cost structure and (ii) Review of the logistics and industrial processes**

**The start up of Maranhão Unit (capacity of 1.5 million tons/year of market pulp and energy surplus of 100 MW), expected for 4Q13, will start the Company's deleveraging process**

## Financial Shield Package

The Company has a comfortable cash position in order to afford Maranhão Project investments through 2012 and 2013

Cash Inflows & Outflows 2012/2013 (R\$ billion)



The EBITDA is the main variable component of the Company's cash flow and, if it varies substantially, the cash flow position will remain positive

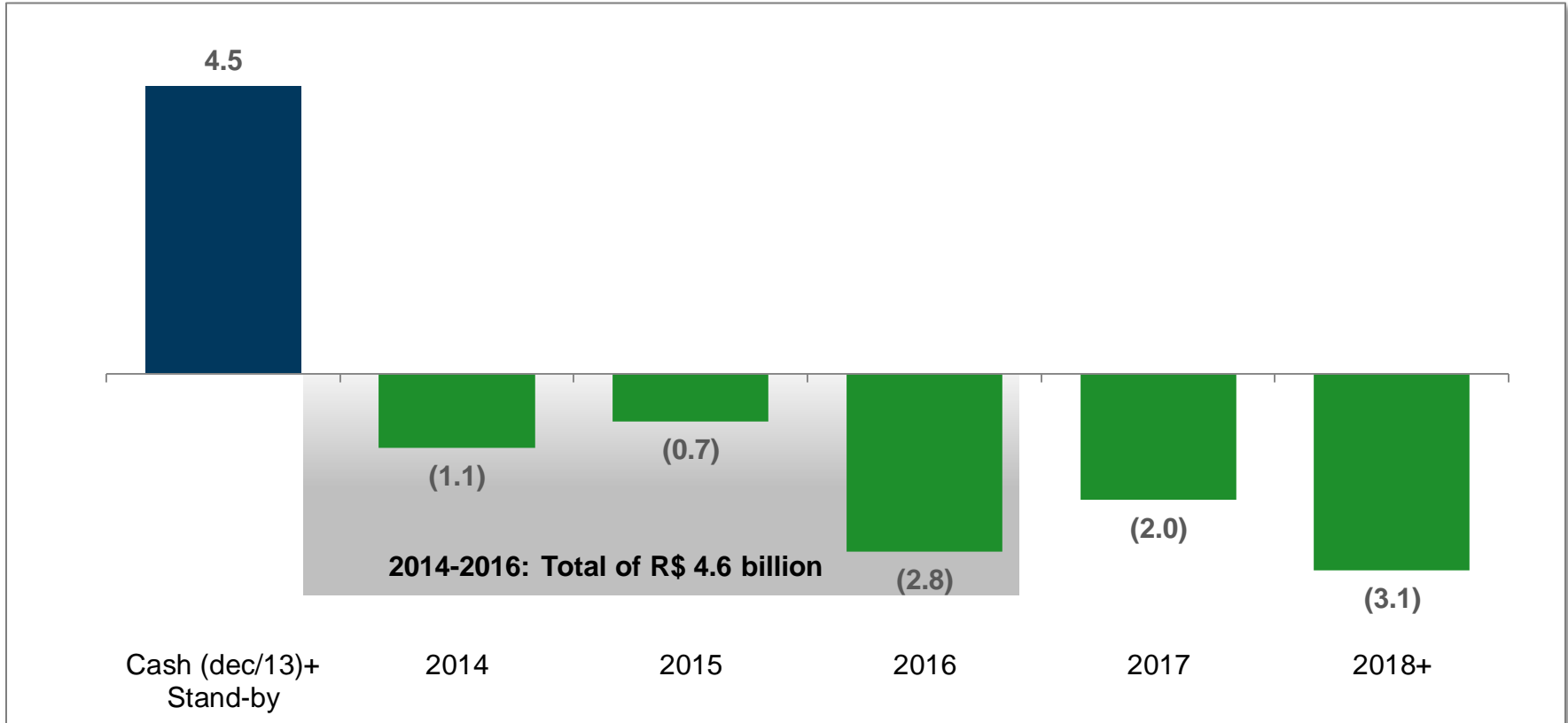
Notes:

<sup>1</sup> Based on the average of the EBITDA of the years of 2010 and 2011, excluding non-cash and non-recurring items of the EBITDA in 1H12

# Capital Increase

Financial planning prioritizes liquidity and reduces refinancing needs

## Amortization Schedule (R\$ billion)



Not considering the Company's operating and investing cash flows, as well as interest expenses, Suzano's estimated cash position as of December/2013 could cover most of the debt amortization

**01** | Financial Shield

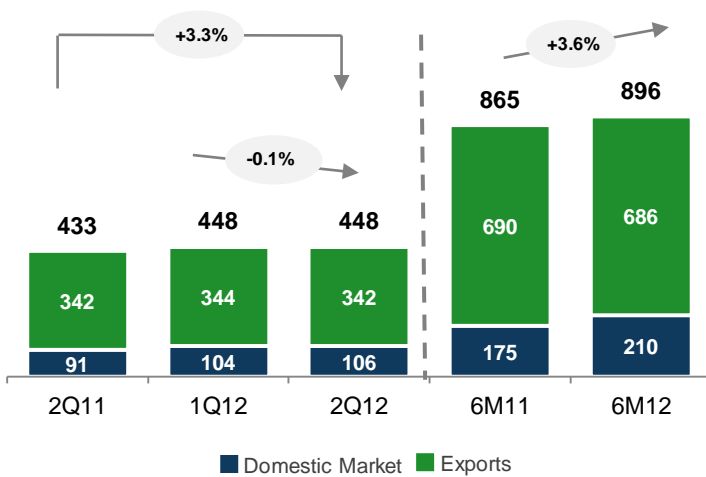
**02** | 2Q12 Earnings Results

**03** | Maranhão Project

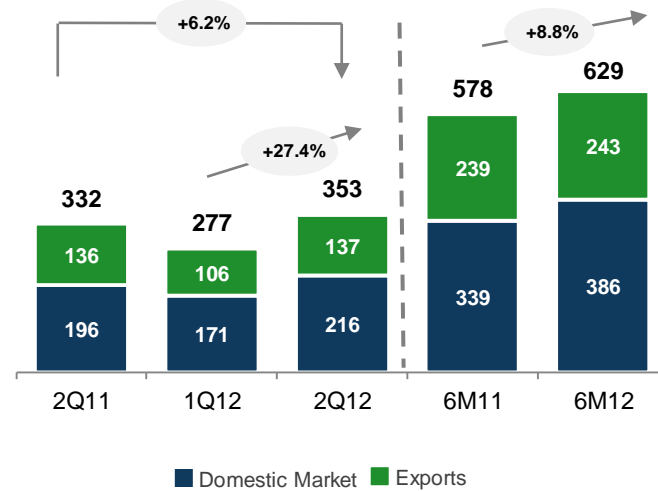
# Sales Volume

Increase of 27.4% on paper sales volume and increase in the European share of pulp sales comparing to 1Q12

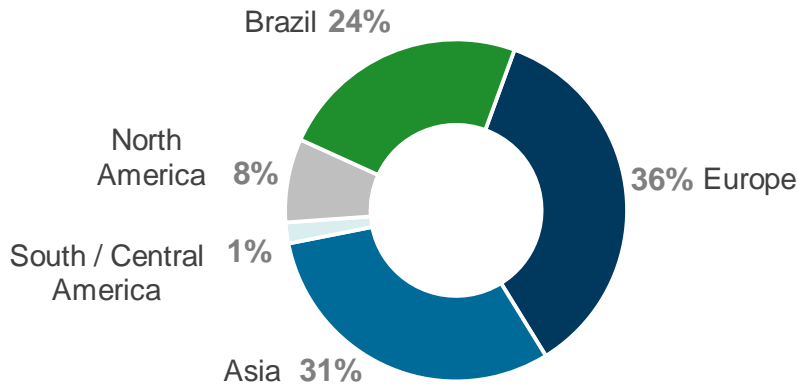
### Pulp Sales Volume ('000 ton)



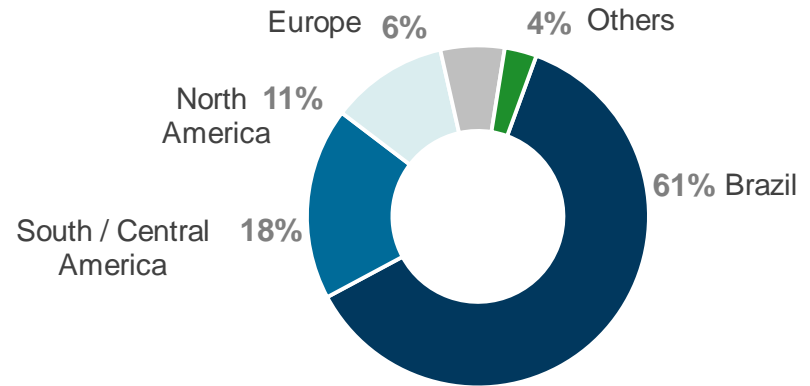
### Paper Sales Volume ('000 ton)



### Pulp Sales (ton) – 2Q12



### Paper Sales (ton) – 2Q12

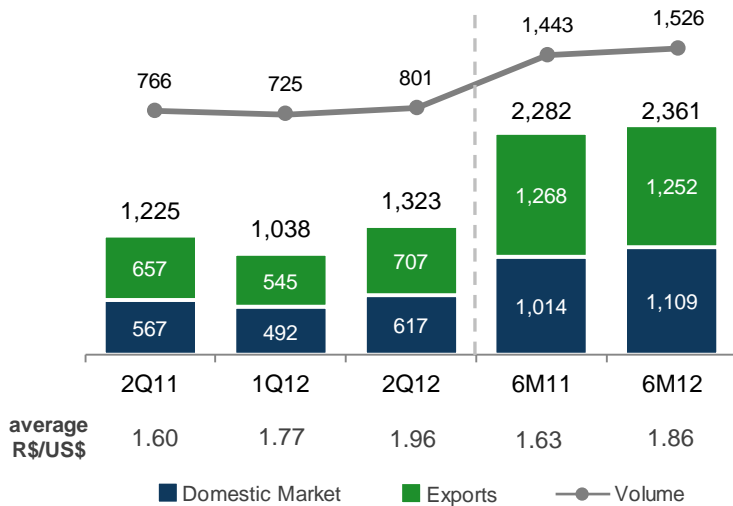




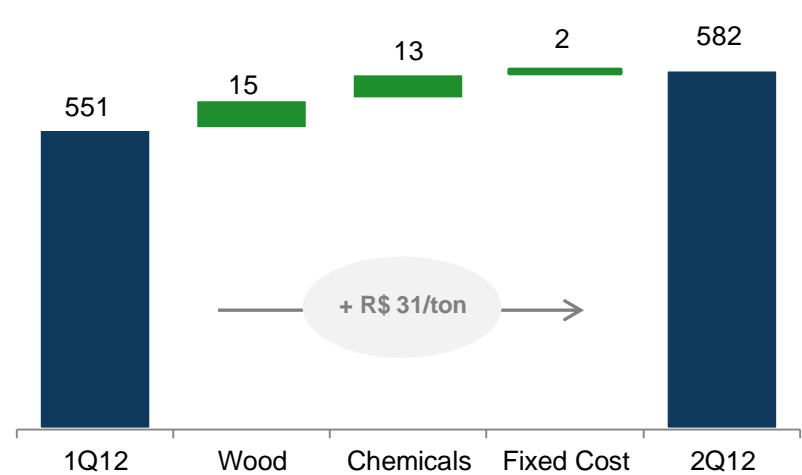
# Consolidated Results

Pulp and paper prices increase and exchange variation caused a positive impact on results.

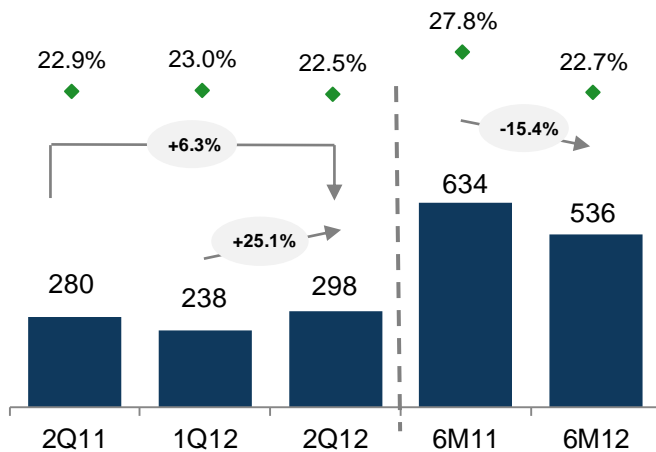
### Net Revenue(R\$ million) and Volume ('000 ton)



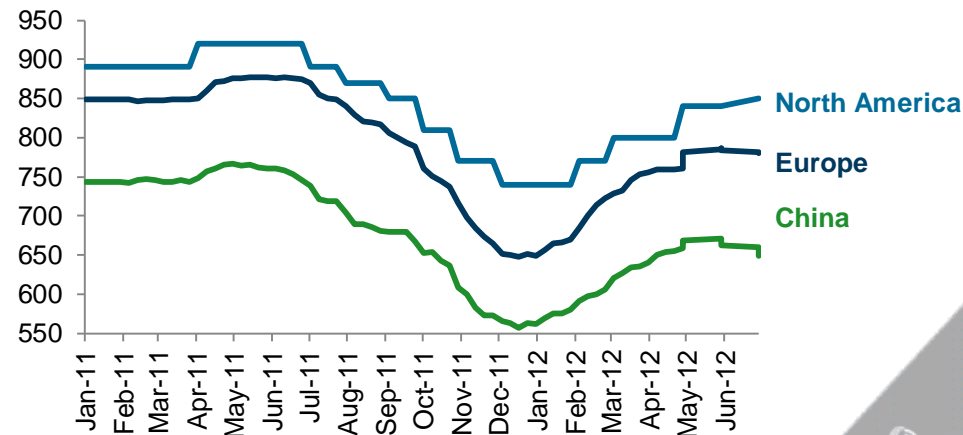
### Cash Cost<sup>1</sup> ex-Maintenance Downtime (R\$/ton)



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



### Pulp Price (US\$/ton)



Source: FOEX (Europe and China) and RISI (North America)

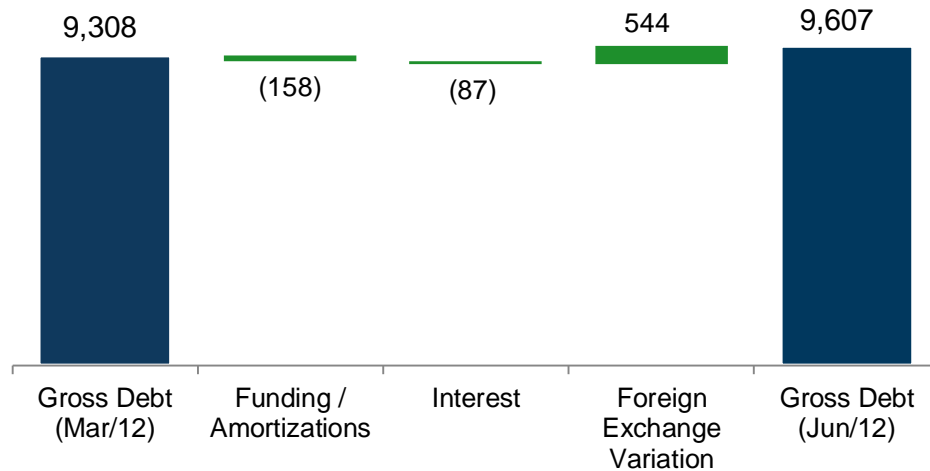
Notes:

<sup>1</sup> Consolidated Cash Cost includes Mucuri and Limeira (prior Conpacel) Units.

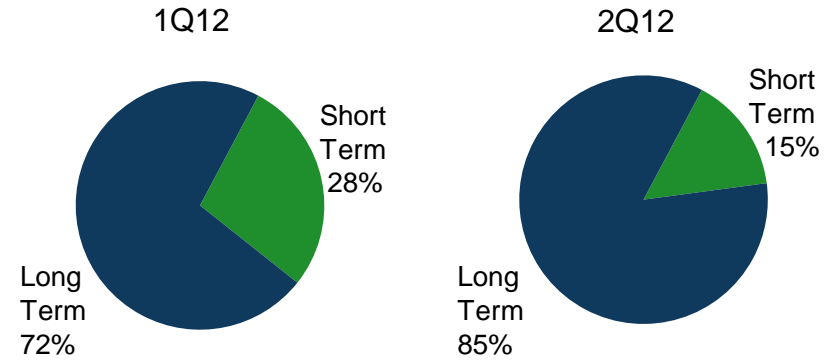
# Debt

Lengthening of debt profile with the carry out of R\$ 1.2 billion and the structuring of financial shield package

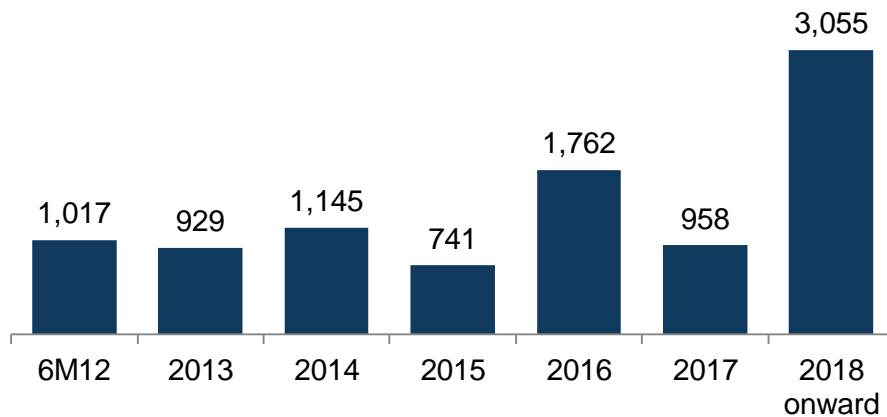
Gross Debt (R\$ million)



Debt Profile Evolution



Amortization Schedule (R\$ million)



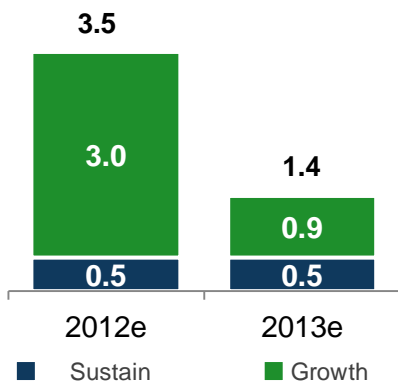
- Liquidity Horizon of 60 months<sup>1</sup>
- Strong pro-forma<sup>1</sup> cash: R\$ 4.2 billion
- Pro-forma<sup>1</sup> Net Debt / EBITDA: 4.5x
- Projects Financing: grace periods and gradual amortizations aligned with the projects cash flow
- The Company remains focused on initiatives aimed at reducing its leverage and improving its capital structure

# Capital Expenditure

The growth projects will be developed with discipline

Capex (R\$ '000)	2Q12	2Q11	Δ Y-o-Y	1Q12	Δ Q-o-Q	6M12	6M11	Δ Q-o-Q
Sustain	132,294	100,591	31.5%	98,633	34.1%	230,927	213,433	8.2%
Industrial	51,397	34,470	49.1%	24,747	107.7%	76,144	57,558	32.3%
Forestry	80,897	66,121	22.3%	73,886	9.5%	154,783	155,875	-0.7%
Growth	669,849	314,732	112.8%	293,740	128.0%	963,589	1,976,933	-51.3%
Others	9,208	2,959	211.1%	1,762	422.6%	10,970	7,350	49.2%
<b>TOTAL</b>	<b>811,350</b>	<b>418,282</b>	<b>94.0%</b>	<b>394,135</b>	<b>105.9%</b>	<b>1,205,485</b>	<b>2,197,716</b>	<b>-45.1%</b>

## Estimated Capex (R\$ billion)



## Estimates of Growth Capex for 2012 and 2013:

- Forestry and industrial investment in Maranhão
- Piauí forest investment reduced to the minimum amount necessary for sustain

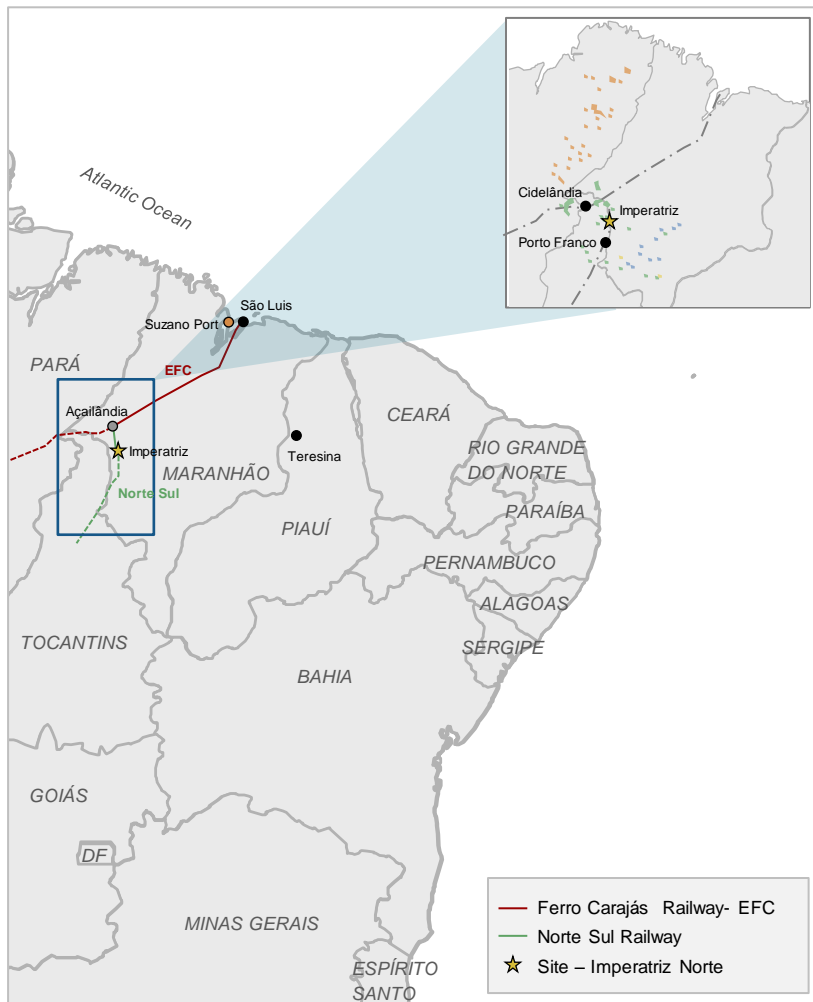
**Note:** Estimates do not include Suzano Renewable Energy. The investment will only happen after capital structure is defined.

- 01** | Financial Shield
- 02** | 2Q12 Earnings Results
- 03** | Maranhão Project

# Maranhão Project: On Time, On Budget I

In 4Q13, Suzano will start operating its Maranhão unit, one of the most modern in the world and with a production capacity of 1.5 million tons/year of eucalyptus market pulp

## Plant Location



## Main Characteristics

### FORESTRY

- 25 years of research in the region
- Average yield of approximately 42m<sup>3</sup>/ha/year
- Annual capacity of 15 million nursery seedlings
- Long term and sustainable wood supply

### INDUSTRIAL

- Initial production scheduled for 4Q13
- Installed capacity of 1.5 million tons/year of eucalyptus market pulp
- 100MW in excess energy supply available for sale
- Industrial plant leader in technology equipments, as supplied by the most recognizable contractors in the world

### LOGISTICS

- Inbound logistics based on existing highways
- Outbound logistics through local railways
- Exportation through the port located in the region of São Luís (MA)
- Strategically positioned for pulp distribution for the European and North American markets

### MANAGEMENT

- Professional management with superior project execution expertise

# Maranhão Project: On Time, On Budget II

The Maranhão unit is in execution phase and a great part of its milestones has already been concluded

## Business Differentials

### Operational Reliability

- More operational flexibility: stability and smaller costs
- Lower downtime:
  - ✓ *Metso Service Center*
  - ✓ *Learning curve guaranteed in the contract*
  - ✓ *Supplier support: operational team for 18 months after the start-up*

### Infrastructure

- Outbound Logistics: 100% railway without load transshipment outbound and with proximity to the main markets (Europe and USA)
- Mill located in a large city
- Easier labor force recruitment
- Fiscal incentives: 75% reduction in income tax rate for 10 years

## Status of the Project



**57% of forests planted**



**97% of suppliers contracted**



**45% of overall physical construction reached**



**76% of infrastructure construction completed**



**65% of the equipment manufacturing completed**



**Assembly of metallic structure for boilers has been ongoing since May/12**



# Highlights

- Financial Shield Package of around R\$ 10 billion:
  - ✓ R\$ 1.5 bi Primary Equity Offering
  - ✓ R\$ 2.0 bi Stand by Facility;
  - ✓ R\$ 1.2 bi debt restructuring;
  - ✓ R\$ 2.7 bi BNDES credit line;
  - ✓ R\$ 750 million financing with the Export Credit Agency (ECAs)
  - ✓ Sale of non-core assets and/or partnerships.
- Lengthening fo debt profile (15% short term maturities).
- Cash availability including the equity offering funding: R\$ 4.2 billion.
- Maranhão Project on time, on budget.

**Investor Relations**  
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