



**SUZANO**  
PULP AND PAPER

**4Q12 Earnings  
Presentation**



## Disclaimer

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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 the Company's actual results to differ materially from those set forth in the forward-looking statements. These risks include changes in customer demand for the Company's products, changes in raw material costs, 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.

## 4Q12 and 2012 Highlights

### 4Q12

- **EBITDA** of R\$404 million (**+21.9% vs. 3Q12**) and **EBITDA margin** of **27.5% (+3.1 p.p. vs. 3Q12)**
- **Operational stability** supported a **reduction in cash cost** in 4Q12
- **Strong paper sales in the domestic market: 71% (vs. 60% in 4Q11)**
- Financing contracted from **ECAs<sup>1</sup>** for the **Maranhão project**
- Firm offer of **R\$320 million** for divesting the interest held by Suzano in the **Capim Branco Energia Consortium**

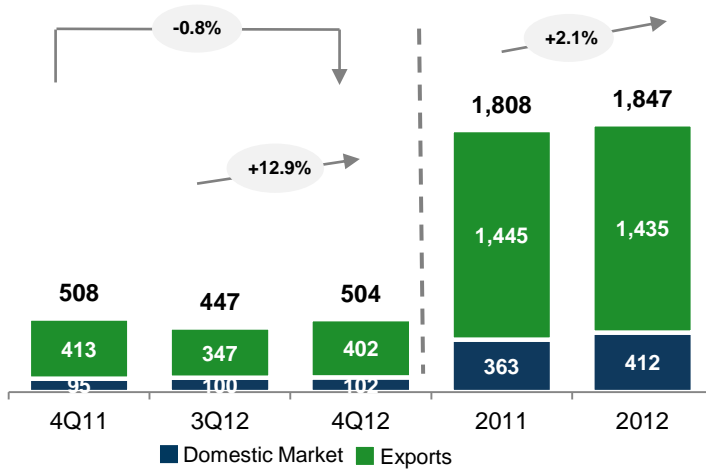
### 2012

- **EBITDA** of R\$1,272 million (**-2.3% vs. 2011**) and **EBITDA margin** of **24.5% (-2.4 p.p. vs. 2011)**
- Gradual **recovery in pulp and paper prices**
- Structuring of a comprehensive **financial shielding** package that brought the **necessary comfort in terms of cash flow**
- **Increase in wood costs** due to the **higher share of third-party wood** and **higher unit cost**
- **Increase in industrial fixed costs**
- **Net loss of R\$182 million** due to exchange variation impact on debt of R\$462 million with cash effects limited to debt maturities and amortizations

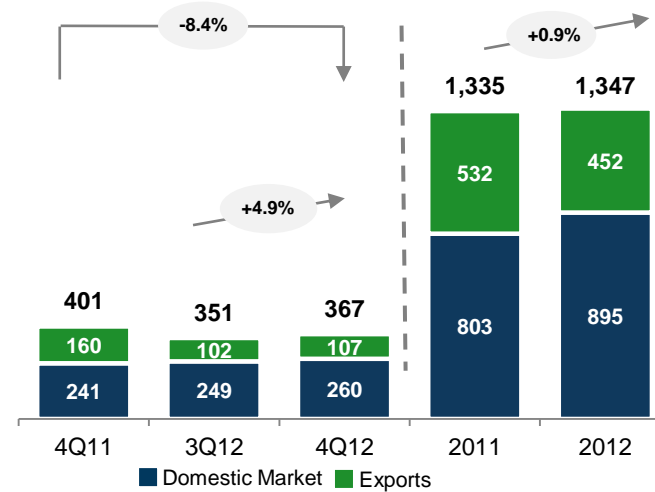
# Sales Volume

Share of domestic sales in the paper sales mix of 71% in 4Q12 versus 60% in 4Q11

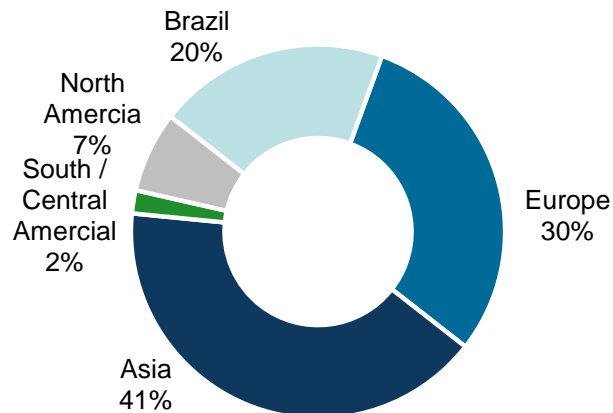
### Pulp Sales Volume ('000 ton)



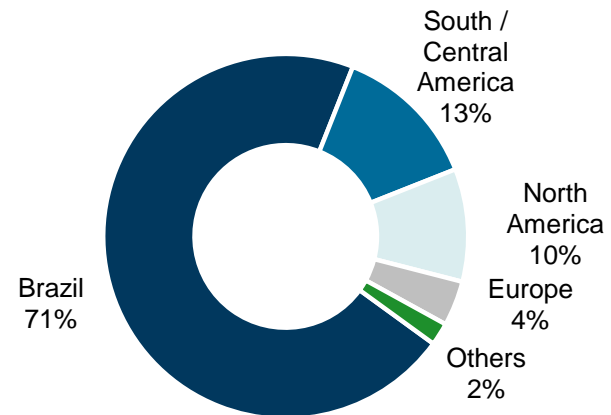
### Paper Sales Volume ('000 ton)



### Pulp Sales (ton) – 4Q12



### Paper Sales (ton) – 4Q12

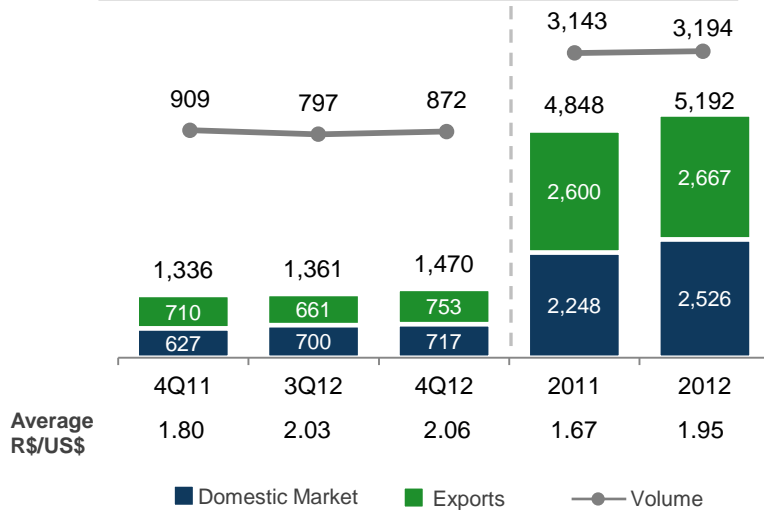




# Consolidated Results

EBITDA increase of 21.9% vs. 3Q12

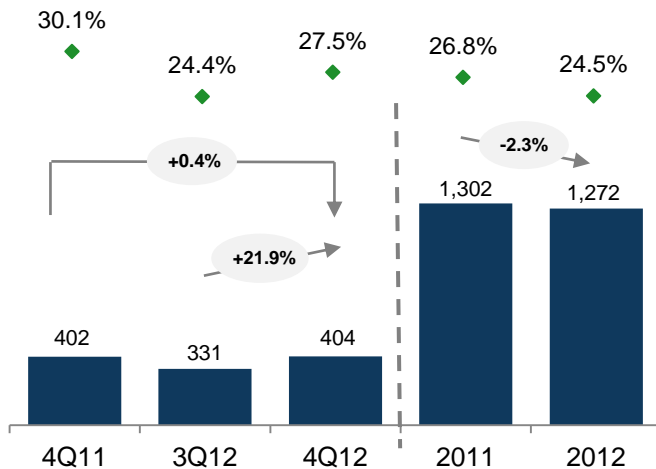
### Net Revenue(R\$ million) and Volume ('000 ton)



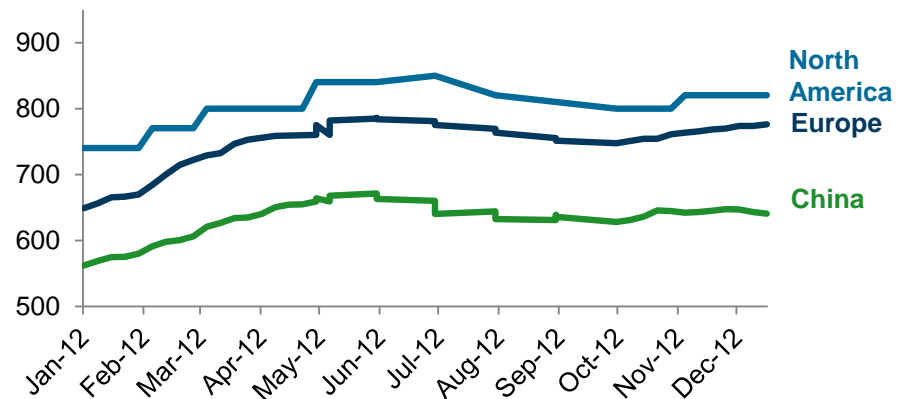
### Pulp Cash Cost (R\$/ton)



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



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

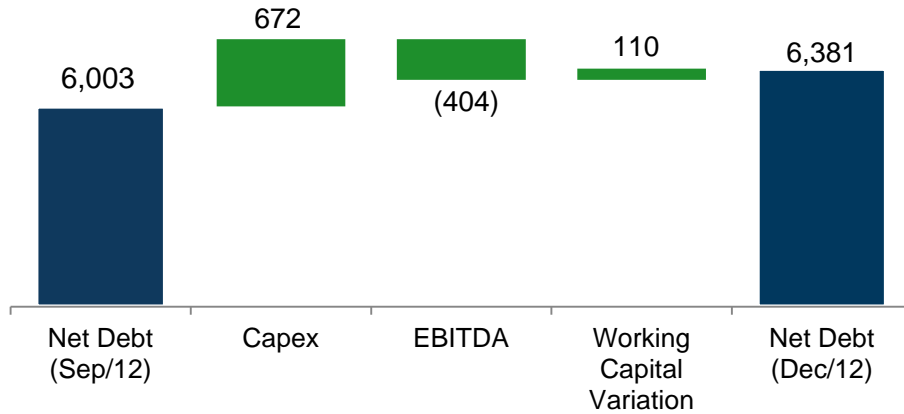


Source: FOEX (Europe and China) and RISI (North America)

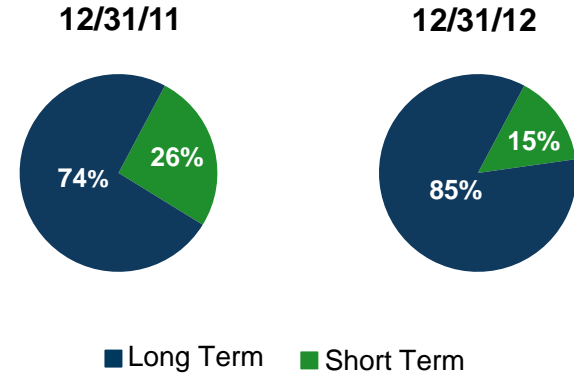
# Debt

Lengthening of debt profile: funding and debt rollover operations reduce short term debt

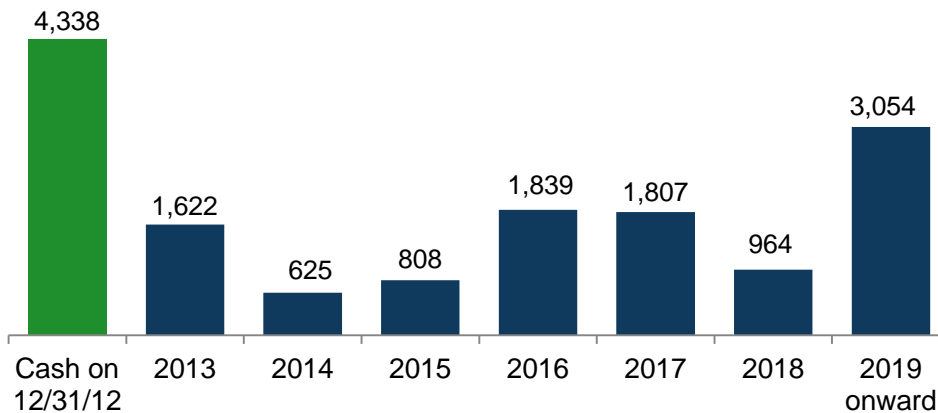
Net Debt Evolution (R\$ million)



Debt Profile Evolution



Amortization Schedule (R\$ million)



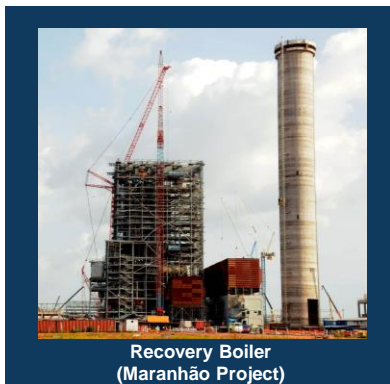
- Liquidity Horizon above **60 months**
- Strong cash position on 12/31/12: **R\$ 4.3 billion**
- Net Debt / EBITDA: 5.0x
- **R\$2.5 billion** from **BNDES** and **ECA's**<sup>1</sup> to be disbursed in 2013

Note:  
<sup>1</sup>Export Credit Agency

# Capital Expenditure

## Maranhão Project on time

Capex (R\$ million)	4Q12	4Q11	Δ Y-o-Y	2012	2011	Δ Y-o-Y
Sustain	121.7	166.4	-26.9%	495.3	518.2	-4.4%
Industrial	32.3	58.1	-44.4%	156.0	170.2	-8.3%
Forestry	89.3	108.3	-17.5%	339.3	348.0	-2.5%
Growth <sup>1</sup>	538.4	185.4	190.4%	2,262.7	1,162.5	94.6%
Conpacel/KSR	-	-	-	-	1,509.0	n.a
Others	12.1	15.3	-20.9%	25.5	35.2	-27.4%
<b>TOTAL</b>	<b>672.1</b>	<b>367.1</b>	<b>83.1%</b>	<b>2,783.5</b>	<b>3,224.9</b>	<b>-13.7%</b>



2012 Growth Capex reached R\$2.3 billion, with no impact on the Maranhão Project startup schedule.

## Maranhão Project

The Maranhão unit is in execution phase and a great part of its milestones has already been concluded. The Company reviewed the project's industrial capex and it is 2.5% above the estimated.

### Project Status on February, 28<sup>th</sup>, 2013



**77% of overall physical construction reached**



**95% of infrastructure construction completed**



**98% of the equipment manufacturing completed**



**84% of civil construction already completed**



**24% of the electromechanical Assembly concluded**



**Panoramic View of Imperatriz Site - Maranhão Project**





# 2013 Plan



## Priorities for 2013 onwards

Capturing value

**STRUCTURAL  
COMPETITIVENESS**

**Investments in capturing competitive advantages**

**FOCUS ON  
“HARVESTING”**

**Capturing value from existing assets and investments**

**COMPETITIVENESS  
THROUGH  
MANAGEMENT**

**Priority in value leveraging**

# Structural Competitiveness

- Forestry: productivity gains (Clones, Futuragene and Silviculture) → average distance
- Industrial: modernization of lines to become benchmark in costs
- Paper: broader distribution network and competitive advantages in logistics
- Pulp: balancing the mix of geographic regions and market segments

## Priorities for 2013 onwards

Capturing value from existing assets and investments

FOCUS ON  
"HARVESTING"

### CAPEX / Divestments

- Investments in 2013e in the Maranhão Project: R\$2.3 billion
- Other investments in 2013e: R\$558 million (includes maintenance of current operations)
- Investments in operational improvement projects in 2013e: R\$148 million
- Suzano Renewable Energy and Piauí Project are suspended until:
  - ✓ the Company's leverage falls below 2.5x Net Debt/EBITDA, and
  - ✓ macroeconomic and market conditions improve
- Divestment of non-strategic assets: surplus land and forests in state of São Paulo and real estate properties
- Cancellation of stand-by facility credit line

### Corporate Programs

- Review of processes/corporate programs: simplify and/or eliminate

### EBITDA / Working Capital

- Price discipline:
  - ✓ **Pulp:** geographic mix / logistics / discounts
  - ✓ **Paper:** reduction in SKUs / evolution in distribution / continuous growth in volumes in Brazil and South America
- Optimization of Working Capital

### Reduction in Operating Costs

- Further expand the productivity project

### Logistics

- Further expand the productivity project (forest, industrial and outbound logistics)



### People

- Assess possibility of insourcing in various areas
- Resizing of teams with focus on priorities

### CAPEX discipline

- Growth with profitably

**2013  
FOCUS**

**Prioritize initiatives that ensure results and provide competitive advantages**

**Investor Relations**  
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