

Q4 2006 Earnings Call

Company Participants

- Andre Dorf, Paper Business Unit Executive Officer
- Antonio Maciel Neto, CEO
- Bernardo Szpigel, CFO and IR
- Rogerio Ziviani, Pulp Business Unit Executive Officer
- Unidentified Speaker, Unknown

Other Participants

- Debbie Bobovnikova, Analyst
- Juliana Chu, Analyst
- Marcelo Luna, Analyst
- Unidentified Participant, Analyst

Presentation

Unidentified Speaker

(technical difficulty). (Operator Instructions). Today's speakers will be Mr. Antonio Maciel Neto, CEO; Mr. Bernardo Szpigel, CFO and Investor Relations Officer; Mr. Rogerio Ziviani, Pulp Business Unit Executive Officer; Mr. Andre Dorf, Paper Business Unit Executive Officer and Mr. Ernesto Pousada, Expansion Project Executive Officer.

We also would like to inform that statements during this conference 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 forward in the forward-looking statements.

I will now pass the floor to Mr. Antonio Maciel Neto, who will start today's conference call. Thank you.

Antonio Maciel Neto {BIO 16703850 <GO>}

Good morning, everyone. This is -- thank you very much for attending this conference call. We will start with a brief presentation which will be presented by Mr. Bernardo Szpigel, our CFO. And after that we will be -- we have a group of directors already announced and we will be available to take questions. So I will ask Bernardo to start with the presentation.

Bernardo Szpigel {BIO 2080745 <GO>}

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Good morning, everybody. We will be using the presentation that is available on the Internet starting with Slide 2, the highlights for the year and the quarter. We had stable pulp prices in the Fourth Quarter '06. Eucalyptus pulp prices at \$680 per ton CIF Northern Europe. The Mucuri project is on time and on budget. Assemblage of the equipment has already started in line with the schedule. We had in the quarter investments -- CapEx of \$239 million, totaling \$773 million already dispersed for the project. Share liquidity increased significantly. We had in the Fourth Quarter of '06, \$7 million per day and our free float after the follow-on offer of February is already 42% of total share.

Moving to Slide 3, the status of the Mucuri project. The \$773 million already invested represents 58% of the CapEx. We also have all of the civil construction is completed in infrastructure and the assemblage of equipment is already well underway. You have also in this slide the breakdown of the funding for the project. 78% of the project's requirements are being funded with very good provisions that you have in this chart, long term and low cost.

Slide 4, some photos, the position as of January of this year, some of the equipment is already there. For example, the dryer, the second photo on the top, the building you can see there is already 40% of the dryer already been -- already assembled. This is going to be the largest dryer in the world. The fiber line, the top -- sorry, the bottom right photo is a very efficient fiber line with very low chemicals, construction and quality of the pulp. The plant is in very good shape.

Moving onto Slide 5, some highlights of the pulp business. The average pulp export price in Fourth Quarter of '06 was \$594 per ton compared with 587 for the Third Quarter '06 and 504 for the Fourth Quarter '05. Demand and inventory levels maintain very good industry fundamentals in the First Quarter of '07. World demand for pulp increased 1.5 million tons or 3.9% in 2006. Eucalyptus increased even more than that, at a 12% rate. We also had in the year capacity closures of 1.8 million tons so the market was in very good balance, supporting good prices throughout the year. As of February, we have the spread between soft wood and eucalyptus pulp is \$80 per ton, supporting pulp prices in general.

Moving onto page 6, inventory and cost, we had world inventories of 31 days, stable and low inventories in general. We had cash costs, this is a negative note in the quarter, increased by \$229 per ton for us as a result of non-programmed stoppages in our recovery boiler and the lime kiln. For the year of 2006, cash costs were good at \$204 per ton including the Fourth Quarter, the negative Fourth Quarter conditions.

On Slide 7, moving now to the paper business. We have a very positive outlook for the sector. In the domestic market, stable prices in the Fourth Quarter of '06 and an announcement of price increases for January of this year. In the export market, stable prices in the beginning of 2007 with a positive outlook reflecting also the restructuring of the players in the Northern Hemisphere, the very high cost producers shutting down capacity. Domestic sales reached 66% of total paper sales in the Fourth Quarter '06. The average for the year was 63% above the average for the previous year, 2005, at 57.5%. So this is very good contributing to improvement in margins.

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We also had the acquisition of EMBU. It is a smaller unit, it is a paperboard producing unit of Ripasa and we acquired VCP's participation in that for \$20 million which is a 50% stake that VCP has invested. This matches our current assets and portfolio and these are very high quality assets with a capacity of 48,000 tons per year of paperboard.

In terms of paper sales, moving to Page 8, in the quarter we had 272,000 tons of paper sold in the quarter compared with 292 in the Third Quarter of '06 and 257 in the Fourth Quarter of '05. The destination of our exports in the Fourth Quarter, Latin America representing 46%, followed by Europe with 25 and then Asia and North America. We also -- we are now -- the Ripax brand also belongs to Suzano and we are using that together with our Report brand for cut size paper.

Financial highlights, moving to Slide 9, first comparing Fourth Quarter '06 with '05. What we would like to point out is that in terms of volumes, we had higher volumes in the domestic market for paper at the rate of 20% and lower export volumes of pulp. Pulp cash costs in the quarter compared with -- we had an increase of 5%, moving from \$475R per ton to \$499R per ton. Net income improved. We had a loss of \$3R million in '05 and a net income of \$90R million in '06. EBITDA increased both in reals and in dollars, reals 20%, dollars 26%. Margin increased 4 percentage points from 28.6 to 32.7. And net debt to EBITDA on a pro forma base including 50% of Ripasa for the last twelve months, moving from 2.6 times to 3.65 times.

Slide 10, the same analysis for comparing our Fourth Quarter '06 with Third Quarter of '06. And here what we see is basically a decrease in volume of sales, especially exports of pulp. We had cash costs increasing by 11.6% from \$447R per ton to 499. That was a negative this quarter. Net income decreased from \$98R million to \$90R million, 8%. And following the same in this or the facts mentioned above, we had a decrease in EBITDA for both in reals and in dollars at a rate of 12% and margins decreased by 2.3 percentage points. And net debt to EBITDA increased from 3.27 to 3.65, reflecting the CapEx for the Mucuri project in the quarter.

Moving now to Slide 11, highlights when comparing the '06 with '05. Improvements in the volumes, especially in sales in the domestic market, a 29% increase which is very good. Pulp cash costs moved from -- sorry, net income, the figures that we have for net income are -- pulp cash costs are in the line that is net income. So for pulp cash costs, we went from \$477R per ton to \$455R per ton. This was a decrease of 4.6% so very good improvement in cash costs for Mucuri overall. Remember that we had the stockout [ph], the optimization of the Mucuri plants at the end of 2004 so 2005 was a learning curve year and 2006 already a stabilized year with better cash costs.

Now looking at net income and please switch then the figures with the line here, net profits went down from \$500R million to \$444R million, basically reflecting the slower improvement or the slower strengthening of the real in 2006 compared with 2005. EBITDA improved both in reals and in dollars, in reals, 14% and in dollars, 27%. We are now operating at 478, close to \$500 million per year, which is a significant improvement to before if you compare the situation before, conditions before Ripasa. The margin improved 0.7 percentage points from 32.8 to 33.5 and net debt to EBTIDA moved from 2.6 to 3.625.

Slide 12, debt and liquidity. Liquidity is very good for the company. We now have \$1R.5 billion in cash and equivalents in 2006. We also have a standby facility of \$200 million for six years facility, three years for draw down and three years for repayment. The average maturity of the long term debt moved to 4.2 years and this will continue to increase as we move along with the project because of funding for the project is long term. Average duration of the project, the funding is eight years.

Finally, on Slide 13, share liquidity and you will see here the significant improvements in the First Quarter of '07 and -- Fourth Quarter '07 and First Quarter -- sorry, Fourth Quarter '06 and First Quarter '07. We are running at \$7 million per day of liquidity which is very good. So with this, we conclude our remarks and pass onto the question-and-answer session.

Questions And Answers

Operator

(Operator Instructions). Your first question is coming from Debbie Bobovnikova of JP Morgan.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Yes, hi. Good morning gentlemen. A few questions from my side. To begin with, maybe can we talk a little bit about the outlook for pricing for both your pulp and paper business? Pulp with more of a global outlook and paper on the domestic outlook? I know you said there were price increases in January, we just wanted to get an update on that please.

A - Rogerio Ziviani {BIO 2080739 <GO>}

Good morning, Debbie. I will start -- this is Rogerio, talking about pulp. Overall, we are having the first two months of this year, January and February are very much in line with the Fourth Quarter 2006 and we are foreseeing the price for March as being stable as well. There are some announcements for soft wood and what's done last -- during this week and last week. So we have to wait until middle of the month to see how this is going to be reacted in the market.

As far as demand is concerned, continued to be positive. So price wise, we are still confident that during the First Quarter, we will continue to be on the level that we are today.

A - Andre Dorf {BIO 15460232 <GO>}

Hi Debbie, this is Andre. In terms of paper, the market grew significantly last year, way above the GDP. And our prices in the last quarter of the year were pretty much stable compared to the Third Quarter. And also, we implemented an average price increase of 5% in the very beginning of the year and we -- in the uncoated grades and we are comfortable that we are going to have this new price implemented.

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Q - Debbie Bobovnikova {BIO 4684018 <GO>}

So 5% uncoated grades and flat for all other grades, is that correct? Because I thought coated prices actually decreased for you in Fourth Quarter. Is that right?

A - Andre Dorf {BIO 15460232 <GO>}

Yes. You are right. We had a slight decrease in the coated prices in the last quarter of the year, mainly due to the increase of the imports. And so we haven't announced any price increase in the coated side.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

And also just going back to the pulp side, we saw the latest inventory, global inventory data and they seem to be quite a big disconnect between what is going on in the soft wood supply/demand balance versus hard wood, with hard wood inventories increasing significantly to 38 days. Just wondering if you think that that will have a big impact on pricing going forward for the hard wood, eucalyptus grades?

A - Andre Dorf {BIO 15460232 <GO>}

Yes, Debbie, the analysis was right but also we have to consider that we had two mills starting up in the last quarter of last year in Chile and this is placing some tonnage into the market. And of course that also helped a lot in the increase of the inventories. For the time being, demand continues to be good and all the orders for the month of March in Europe for instance, are already there, are already placed with our regular customers.

In Asia, we had the New Year's during the last 10 days and the market is reacting now. Of course there are some turmoil because of the situation in the stock exchange market but for the demand of pulp, as far as we can see the trend continues to be in the same as we saw in the last couple months. So we are continued to be confident on the positive side.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Great. Perfect. Then maybe a question more towards the long term plans. You mentioned in the press release you are considering alternative growth plans. You have the Mucuri, the new mill starting up later this year and after that your CapEx really dropped off because we don't have any big plans announced yet from your company. But in terms of what you are thinking for future growth and I know probably nothing is official or decided. So just to get an idea of what type of projects you are considering for the future? If you could please just elaborate on that, that would be great.

A - Antonio Maciel Neto {BIO 16703850 <GO>}

Hi Debbie, this is Antonio Maciel. We during 2007 we have the big challenge as you have already mentioned which is to deliver the Mucuri project on time, on budget and producing the learning curve that we have planned. So this is our number one priority related to growth and related to our plans here. We have also the integration of the EMBU plant from Ripasa which we have just bought and this is a good acquisition. We are going to add more value added products in the paperboard where we -- which is the heart of where we are bringing in very well, doing very well.

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And also we have several other activities related to productivity and this will represent some growth as well. As we deliver our fundamentals in our key projects in 2007, we will be analyzing another alternatives related to growth. Growth is our main drive now and we are looking for alternatives related to organic projects like an additional pulp line or and also we are paying attention for opportunities M&A type. So far, it is very difficult to tell you. We cannot disclose anything we are considering. But I can tell you that this is our top priority with regard to strategic planning. So we are paying a lot of attention, we are spending a lot of time internally discussing our next movement and I can tell you that if we move with another big project, it will be related to additional pulp production for exports.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Perfect. And one last question for now. Just in terms of the secondary offering that you had at the MBS place, et cetera, there was a lot of anticipation ahead of the deal that there was going to be significant improvement in Suzano's corporate governance in terms of minority rights, tagalong rights, et cetera maybe increased level on the BOVESPA. And we really haven't seen anything. Just wondering if there is still something in the works and basically what is the company's outlook or plans for improving the corporate governance?

A - Antonio Maciel Neto {BIO 16703850 <GO>}

This is Maciel. This is also another subject that we are looking and pay attention internally. As you have already mentioned, we had good success with this follow on offer and we have plans, we are paying attention for the demands in the market. So far, we are not going to announce anything. However, we can tell you that we are analyzing alternatives to improve our corporate governance.. And there is a very clear reason for that. As I have mentioned in the question before, we are looking forward, considering growth opportunities and growth opportunities will demand that Suzano play more and more in being a strong player in the capital markets in Brazil and outside. So we are paying attention to the opportunities and also the demands from the market. But however, we are not going to announce anything so far.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Great. Thank you for your answers.

Operator

Thank you. Your next question comes from Marcos Asosao [ph] of Merrill Lynch.

Q - Unidentified Participant

Okay. Good morning gentlemen. My first question goes to Rogerio Ziviani. I just would like to know if you guys are seeing any type of restart in the Northern Hemisphere, meaning Canada and US, due to the high price of pulp in this region right now?

A - Rogerio Ziviani {BIO 2080739 <GO>}

Good morning, Marcos. No. We have not seen. There are some rumors that there are some Chinese looking for some of these operations in North America. But so far, we have not seen anything concluded on this respect. And due to the currency also, the Canadian dollar, I don't think this will be feasible and also for the lack of wood that they are suffering, especially in the British Columbia area. So I think for the time being, we won't see any reopening of those mills.

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Q - Unidentified Participant

Rogério, do you have any expectations for further shutdowns in the region and given the current prices?

A - Rogério Ziviani {BIO 2080739 <GO>}

We have some expectations discussing with some of the analysts of the market that they also have. But nobody is naming any or putting any names on the list because the situation on the market there would be very dramatic for some operations on the labor side and everything. So but we are working, yes, with some expectation we have in our long term planning. We have some closures that are listed due to many reasons, cost is one of them and lack of wood is a second one and the third one is environmental. So there are some mills that are going to be shutting down in our view during this year.

Q - Unidentified Participant

Okay. Great. Second question goes to Antonio Maciel. Just when I look to your CapEx breakdown, I found that you spent \$250R million this year in the forest acquisitions and industrial modernization. I would like to know if you could break down this number and tell us how much is specifically due to did you spend in forest acquisitions during 2006?

A - Antonio Maciel Neto {BIO 16703850 <GO>}

Just a second, Marcos. I am looking at the breakdown here. Just a second. Okay, we had in the total breakdown of CapEx for this year we had \$248R million, including in this, I would call, maintenance CapEx. This includes both industrial and forest, we harvest forest and the planting of the forest. For the forest portion, this was something like \$150R million, representing both land acquisition and the planting of forests.

On top of that, for the Mucuri project, we spent -- we already mentioned what we already spent this year, totaling \$718 million. And you could add, when you look at our consolidated figures, we had from Ripasa another -- it was \$35 million so that was our share, included their \$70R million also for our investment CapEx in Ripasa, only for maintenance and forestry plantation.

Q - Unidentified Participant

Okay. And Maciel, one last question. You mentioned a lot here in this call, in the previous call in Portuguese, about the future growth of the company, the cash generation that this company is going to have from 2008 onwards. What is your expectation you don't need to give a specific date. But an approximate one, regards the announcement for new pulp [ph] expansion plans that the company has in the future?

A - Antonio Maciel Neto {BIO 16703850 <GO>}

We, Marcos, we are not prepared to announce anything today and to set up dates when we are going to happen. The only thing I can tell you is that this is on top of our strategic priorities. We have invested a lot time in talking that. Have our people study, travelling, looking for alternatives and during the year, probably we are going to make some decisions. But so far, I can't tell you anything because we haven't decided anything.

Q - Unidentified Participant

Okay. Thank you very much.

Operator

(Operator Instructions). Your next question comes from Juliana Chu of BES Securities.

Q - Juliana Chu {BIO 1551904 <GO>}

Hi. Good morning gentlemen. I would like to know if you have any expectations when you may see the Americana consulting approval and if even without this approval, you are able to access all the synergies that you were priorly. Thank you.

A - Bernardo Szpigel {BIO 2080745 <GO>}

Juliana, this is Bernardo. We are now pending the final approval from the tax authorities, scheduled tax authorities. We expect to get approval on that front in this first half of '07. In terms of synergies, in fact we have obtained most of the synergies already, very little is pending on this restructuring because we are already operating with the Americana plants on the way that we are reselling the Americana products through the Suzano and VCP, each one on a 50% basis. So from a cost point of view, we are already operating as we would have in the consolidation. The only thing that is pending really is the final approval of the federal tax authorities.

Q - Juliana Chu {BIO 1551904 <GO>}

Okay. Thank you very much.

Operator

Thank you. Your next question comes from Marcelo Luna of Deutsche Bank.

Q - Marcelo Luna {BIO 15380566 <GO>}

Morning, gentlemen. Just wondering if you could comment on the outlook for the average cash cost for the rest of the year, if you'd expect the cash costs to be on the same level that it was in the Fourth Quarter? And if you could expand on the cash costs please from the third to the Fourth Quarter '06? Thanks.

A - Bernardo Szpigel {BIO 2080745 <GO>}

Yes, Marcelo, impacting the Fourth Quarter of '06, we had an increase in our cash cost at Mucuri from levels of \$450R to \$490R per ton. This was basically the impact of stoppage that we had in the recovery boiler and the lime kiln. This increased our costs in the quarter. But if you exclude these effects, it will come down to the \$450R per ton in the coming quarters. So this was a one-time effect and we are coming back to the levels that we had averaged for 2006 was \$450R.

Q - Marcelo Luna {BIO 15380566 <GO>}

Excellent and in terms of just a follow up on the volumes, in terms of volumes you would expect volumes to recover slightly for the next quarters or you'd expect them -- volumes to be on the same level they were in the Fourth Quarter?

A - Rogerio Ziviani {BIO 2080739 <GO>}

Marcelo, this is Rogerio. All the -- what was left in December was due to shipments and products that already shipped, invoiced and received. So we are on time again and we don't see any problems during the quarter or accumulation for next quarter except if we have some other delays in shipments, there is nothing we can do especially when they occur in the last two or three days of the month and we cannot invoice on the new date with the regulations and law. So that is the factor what we have and the inventory on the total inventory abroad on the company continues to be under control and on the schedule of what we planned. In terms of paper, I will pass onto Andre.

A - Andre Dorf {BIO 15460232 <GO>}

Hi. In terms of paper, we had a slight decrease in our volumes so mainly abroad and specifically in Latin America and partly caused by some delays in shipments and partly due to some spot initiatives from this transition movement related to the Ripasa deal and the VCP deal. For the future we expect our volumes to go back to the same levels of the Third Quarter.

Q - Marcelo Luna {BIO 15380566 <GO>}

Great, thank you.

Operator

Thank you. Your next question is a follow-up coming from Debbie Bobovnikova of JP Morgan.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Yes, hi. Just following up on your answer to the previous question, can you explain a little bit more in detail what are these spot initiatives? How did that affect the decline in paper volumes and just to understand the trends of exactly why your exports decline and what you expect for exports this quarter?

A - Unidentified Speaker

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Yes. We had a significant volume sold in the Third Quarter, strong Ripasa right before this transformation into the semi consortia structure. So we had a significant additional volume in the market and especially in Latin America and similar moves happened end of Fourth Quarter with other players.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Okay. So basically the Third Quarter was pretty strong comps and then in Fourth Quarter there was strong competition? Is that a good way to interpret it?

A - Unidentified Speaker

Yes.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Okay. Then I guess another follow up on your previous answer for growth plans for this year. You said the 3 main drivers of growth was going to be one, Mucuri expansion; two, the EMBU plants that you bought 100% stake in and also third part was going to be productivity gains. Just wondering if you could explain a little bit more on the third part, the productivity gains. Is that going to come in terms of cost cuts and if so, where it is on the cost line and SG&A and any kind of guidance you can give on that?

A - Unidentified Speaker

Yes, just a -- I can give you some general comments on that. As you know we have this more than 1 million tons of paper production, 700, 800,000 tons of pulp. So we have a huge production. We are investing a lot in the from working on the stability of the machines, working on cost reduction, improving specifications and working very close with the suppliers. And we are also working on improving our logistics because we have a big, expenses relate to logistics.

What is new is that the big effort that we are setting up on this and mainly adopting the Six Sigma approach as a main drive to our improvement in our performance. So we have some external help from a consultant and we are focusing with our internal people working very hard with very clear targets set internally to this improvement. As we have this big one related, every time we chisel 1, 2, 3% improvement and with regard to the execution of the plans and the project and mainly the day to day production, we can get some very, very good results. So in short, we are putting a lot of emphasis on execution and we are adopting as a big, big drive to our improvement the six sigma approach in our organization.

And just complementing on the productivity, all of this, what we expect to obtain there is improvements in all of in terms of volume, production, variable costs, fixed costs. And also SG&A. So initiatives in all of these fronts. So they will be distributed among all of that.

Even when we talk about CapEx, we are paying attention to old projects, before approving any CapEx. But we are challenging from the Six Sigma approach what we can do before extending our money to recover [ph] machines, to improve process. So we are

foreseeing more as Bernardo mentioned, more production, better outcome, reducing breakdowns, reducing set up times, reducing spend to maintenance, reducing time to market when you have new products. So so far we have some internal targets and we are working. During the next calls, as we move forward, I will be more than happy to update you on the projects.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

You can't give us any kind of numbers on that, on those projects in terms of the cost savings?

A - Unidentified Speaker

Not yet, not yet, not yet. But during the year, probably we are going to show you some progress.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Okay. Great. Then just my final question is going back to the long term growth plans. I know you said there is nothing here, there is no decision. But just to understand more on Suzano's policy and how the views to future growth going forward. Maybe you can give us just your general guidelines for what you look for in terms of good organic growth and acquisitions? If there is some things, some products or some regions that you find more interesting than others or some regions or products that you rule out in terms of further growth, just so we have some kind of guidance as to what you are looking at or how you view the company moving going forward?

A - Unidentified Speaker

We have the perspective that the pulp business is a global business. So we know that considering the natural resource we have and with our experience on biotech and the technology applied to our forestry business, Brazil we are extremely competitive on pulp production, eucalyptus pulp production. So we are looking at opportunities to do more pulp in the future in Brazil and to supply the world market. This is the key point. We have the opportunity to improve our production, to have more production in Mucuri. The site is prepared for that but we are looking for other types also where we can develop some greenfields. We have areas that we have forests already or greenfields.. So this is open but it relates with pulp. In the East, the demand is to the global market.

On the paper market, we have approached more and more the Latin America market. Pulp paper for us is a very important business. We are playing four or five segments, depends on how you classify the segment. But on all of them, we are number one or number two in the region. So we are playing, as you know, the paper has several segments. The segments we are playing, we are on the leadership in the markets or number one or number two. So we are looking for the opportunities also. If we can't like [ph] we just have just to confirm these strategies, our acquisition of the EMBU plant, on the Ripasa where we are heading now, 40,000 tons of paperboard, the high level, upscale products. So but from the demand perspective, we are looking for more regional and Latin America related markets.

Q - Debbie Bobovnikova {BIO 4684018 <GO>}

Great, that was very clear. Thank you.

Operator

Thank you. Your next question is also a follow up coming from Marcelo Luna of Deutsche Bank.

Q - Marcelo Luna {BIO 15380566 <GO>}

Thanks, gentlemen. Just wondering if you could comment on the very interesting discussion on the productivity gains and the program you are implementing. So I was just wondering if you could comment on when you would expect to see those gains coming into showing your results, maybe as early as the third, Second Quarter or Fourth Quarter of '07? And also we have previously estimated some of the gains would amount to as much as 500 basis points in terms of your EBITDA margin. I am not sure if you can comment on that? Then I have another question.

A - Unidentified Speaker

Unfortunately I can't tell you for now, because we have the plans, we set up the plans and we need to hear more discussion internally to -- for the deliver of the information. But I can tell you and I can share the commitment with you that in the First Quarter, when we have the full year of 2007 to go back and show you the projects that we achieved in 2007 in related to products if you can, compared to 2006 and 2007. This is a commitment I have with you to show where we go.

In the following months, in the coming calls probably we can go back, address and give you some more examples of what we are doing and probably we can consider in the coming year, after the first part of the year, we can just get together and we invite the analysts to talk about the products. Because this is really something interesting, important, along with the innovations and access to be more innovative. I think that will be a good differentiator for us as well in the market.

Q - Marcelo Luna {BIO 15380566 <GO>}

Thank you, thank you very much.

Operator

(Operator Instructions). There appear to be no further questions. I will now turn the floor back over to the company for any closing comments.

A - Antonio Maciel Neto {BIO 16703850 <GO>}

Okay. Thank you everyone for the participation in this call. Despite our weaker Fourth Quarter, if we compare it with the Third Quarter, we had a very good year. If we compare also the Fourth Quarter of this year with the Fourth Quarter of last year, we had an

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outstanding improvement as well. So from our perspective, we had a very good year. We were very strong delivering most of the parts of our business.

The key points is Mucuri project, that is our key project related to our growth initiative with our growth perspective. As we have mentioned before, it is on track, on budget and very well managed. Ripasa is integrated. We had the acquisition of EMBU announced which was very good also and this was a very good year when we see the impressive valuation of our shares in the marketplace. So we had the outstanding performance, better than the core competition, better than the market in general.

So we are very happy with the strong year we had and as we look at and pay attention to 2007, we are very, very -- we have very good motivation inside the company and good energy and with the consolidation after this cycle that we had and the starting of the next cycle of growth as we have discussed before. So we are going to focus on the execution.

We have this very good, very strong passion on delivering and our commitment and as well in our long -- we put this very strong attention to the executive of the projects and the challenge that we have. We are going to pay attention to define the next cycle of growth of the company and during the year. So thank you very much. 2007 will be a very busy and strong year. Of course, then we will be more than happy to share with all of you the progress during the next calls. Thank you very much.

Operator

Thank you. This does conclude today's Suzano Pulp and Paper Fourth Quarter 2006 Earnings Results Conference Call. You may now disconnect your lines and have a wonderful day.

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