



**Conference Call – 2Q13 Results**

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July 24, 2013

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## Liability management

- 24% reduction in gross debt in US\$ in twelve months
- Liability management actions decreased the cost of debt in US\$ from 5.4% p.a. (Jun/12) to 4.7% p.a.
- Cash tender of Bonds maturing in 2020 (7.5% p.a coupon) amounting to US\$486 million
- Reduction of net debt to EBITDA ratio in US\$ to 3.0x (Mar/13: 3.1x)

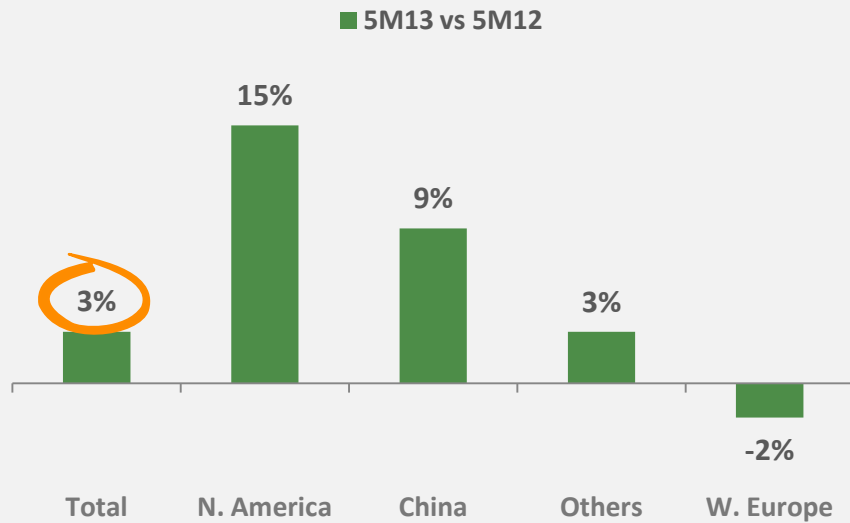
## Pulp market

- Eucalyptus pulp shipments increased by 3% in the first 5 months of 2013
- Capacity closures >>> additional demand for eucalyptus pulp

## Operating Result

- 2Q13:  
EBITDA: R\$ 647 million | EBITDA Margin: 39% | FCF: R\$ 234 million
- Last 12 months:  
EBITDA: R\$ 2,537 million | EBITDA Margin: 39% | FCF: R\$ 956 million

## Eucalyptus Pulp Shipments<sup>(1)</sup>

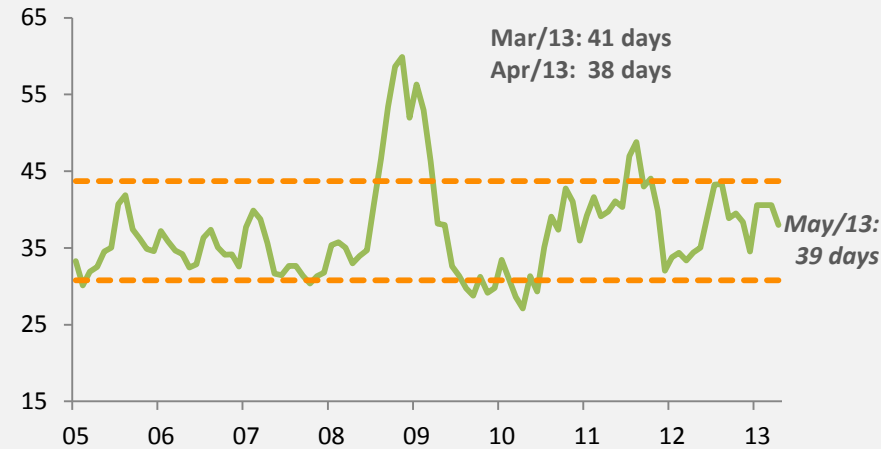


<sup>(1)</sup> Source: PPPC World 20 – May/2013

## Highlights – YTD up to May/2013

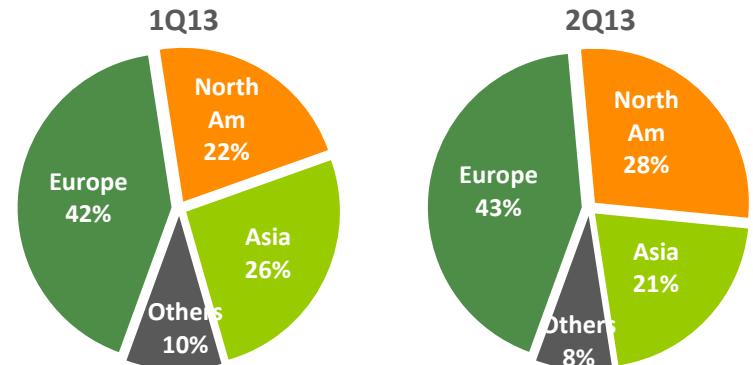
- Shipments of eucalyptus pulp 5M12 vs. 5M13: +3%
  - China: 9%
  - North America: 15%
- Capacity closures reflected on the demand increase for eucalyptus pulp
- Inventory levels within the historical average

## Global Inventories – Hardwood - Producers<sup>(2)</sup>

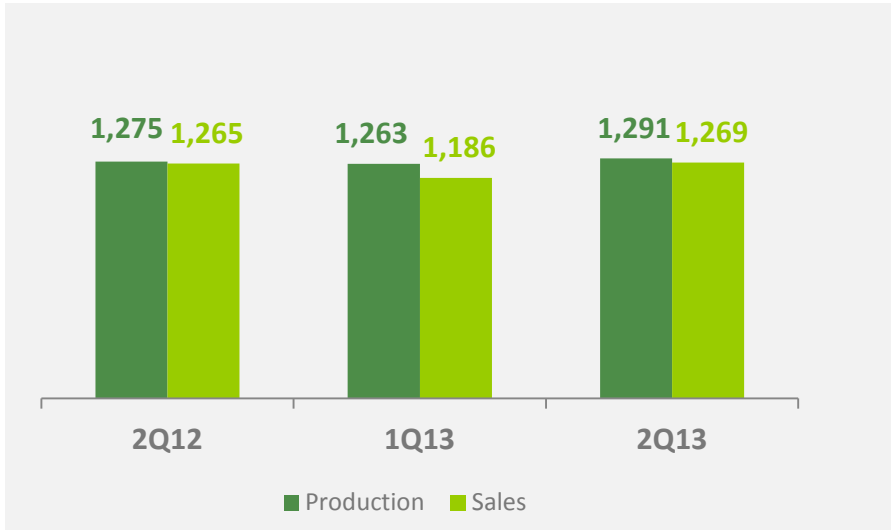


<sup>(2)</sup> Source: PPPC World 20 – May/2013

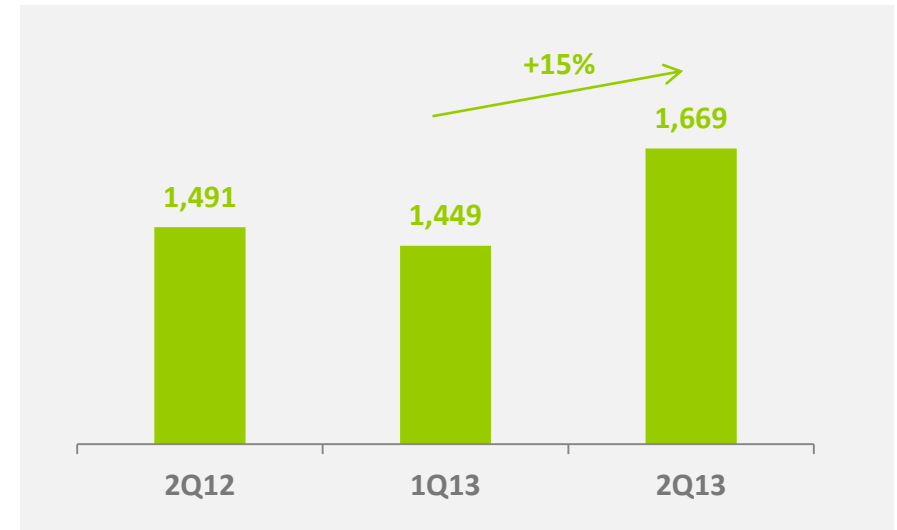
## Sales Mix - Fibria



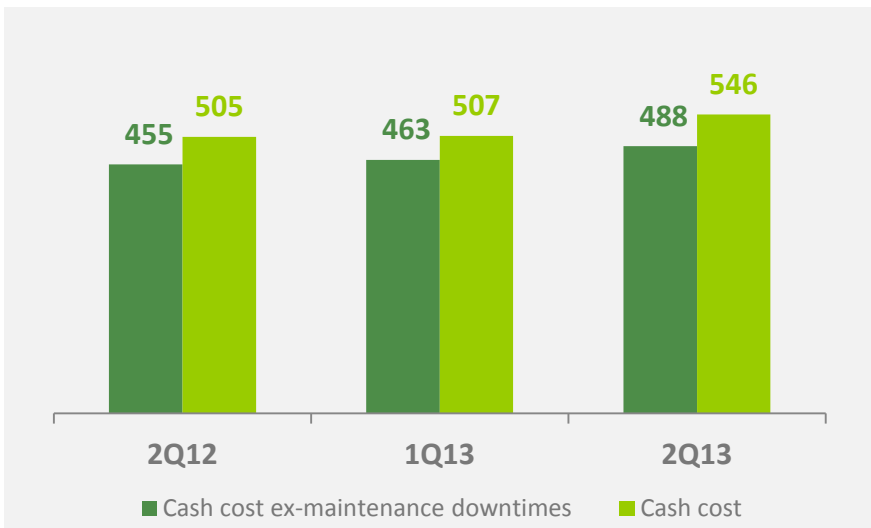
### Pulp Production and Sales ('000 t)



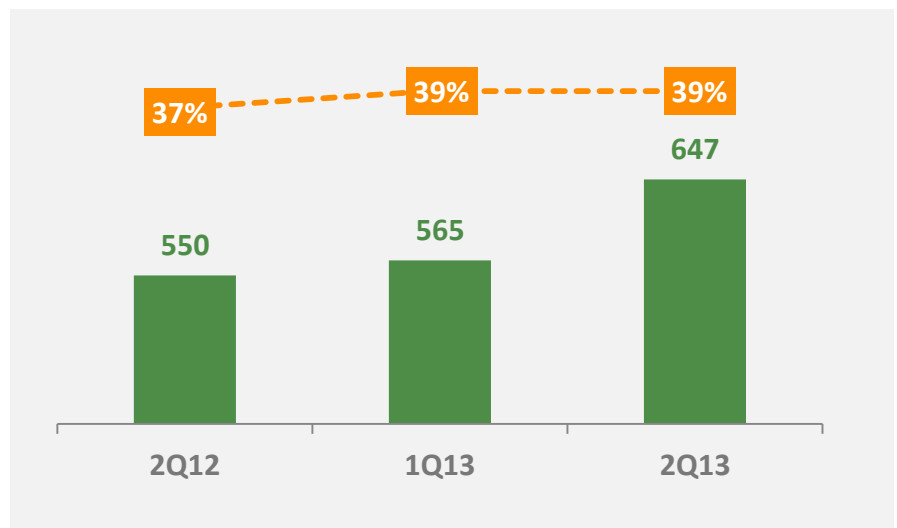
### Net Revenue (R\$ million)



### Cash Cost (R\$/t)



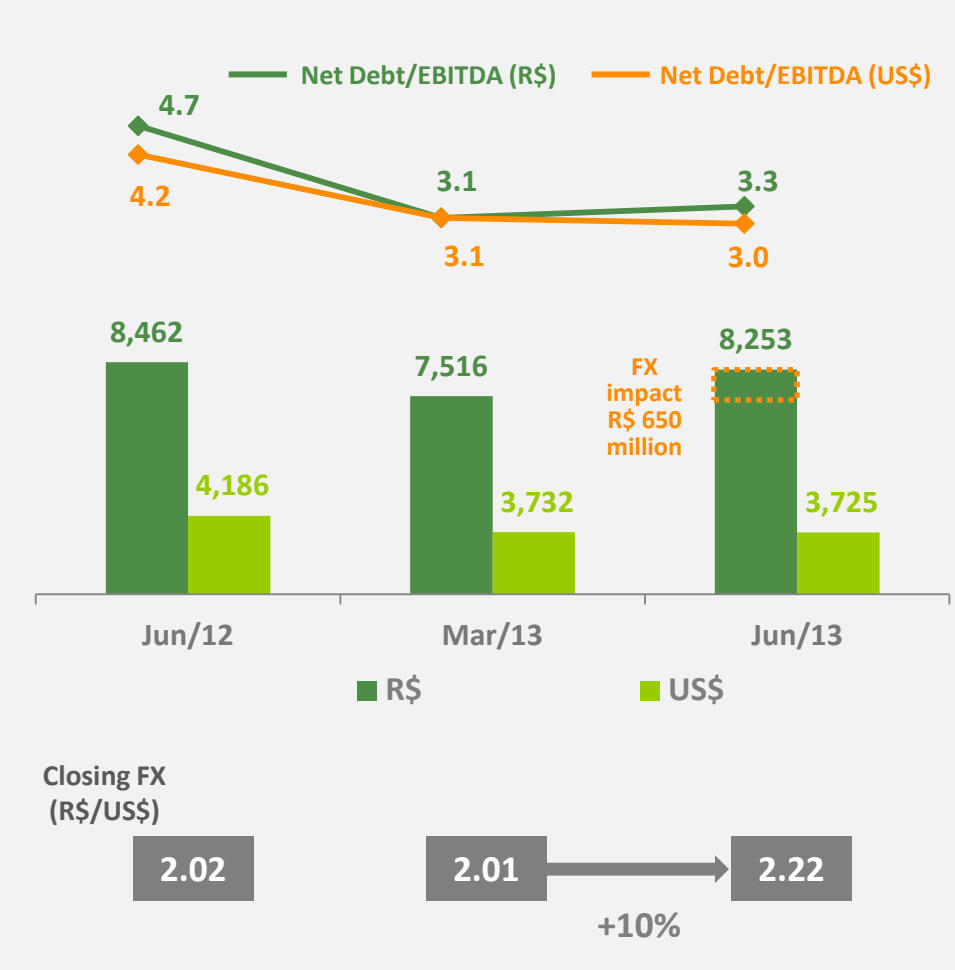
### EBITDA (R\$ million) and EBITDA Margin (%)



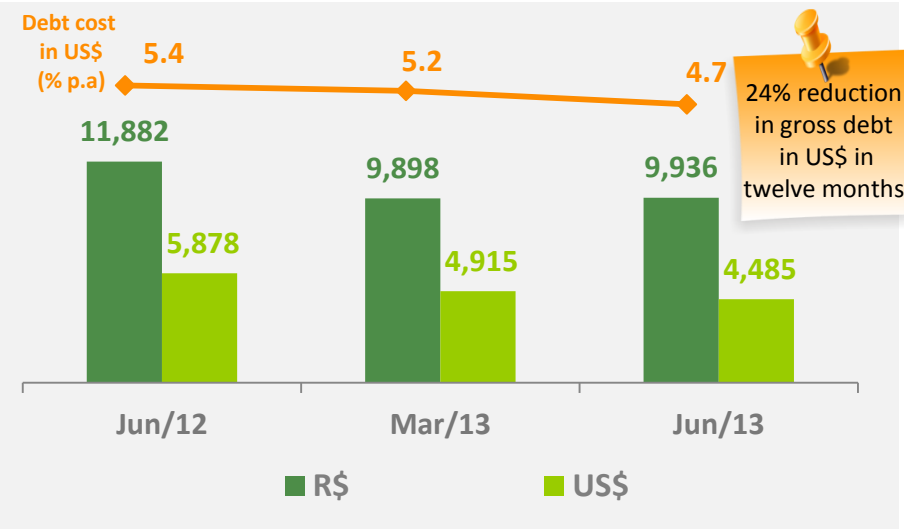
# USD appreciation increased debt and leverage in Reais, but with no cash impact



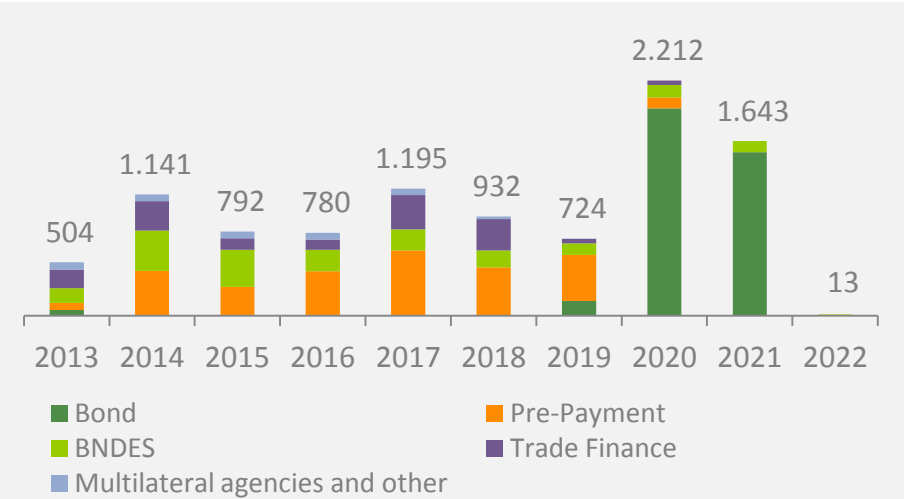
Net Debt (Million)



Gross Debt (Million)



Debt Amortization Schedule (R\$ million) – Jun/13



## Hedging Strategy

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- Debt Hedge:

- Swap operations (currency and rate)
- Maturity aligned with original debt (until 2020)
- No margin call

- Operating Hedge:

- Net FX exposure protection in US\$ in up to 18 months
- Current strategy: Zero Cost Collar
- No leverage
- No margin call
- 06/30/2013 data:
  - Notional: US\$ 996 million
  - 40% of protected net exposure
  - Maturity: up to 14 months

- All Fibria operations are registered at CETIP

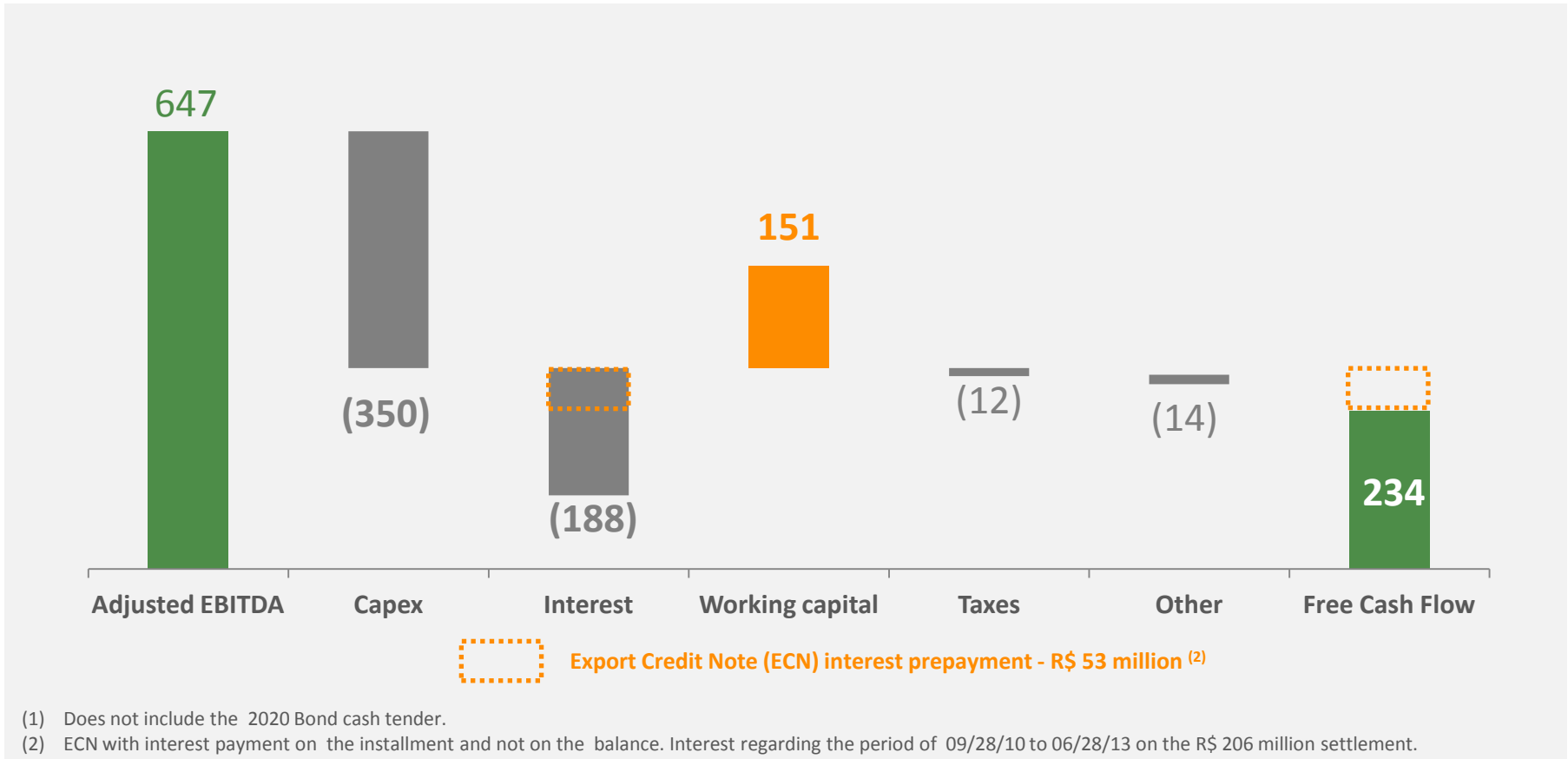
## Governance

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- Hedging Policy approved by the Board of Directors and available at the Investor Relations website.
- Periodical follow up of the hedge portfolio by the Finance Committee
- Maximum % of exposed operational flow is defined according to the FX risk management policy.
- Governance, Risk and Compliance (GRC) Team:
  - Report to CEO
  - Responsible for monitoring policies compliance
  - Independent from Treasury



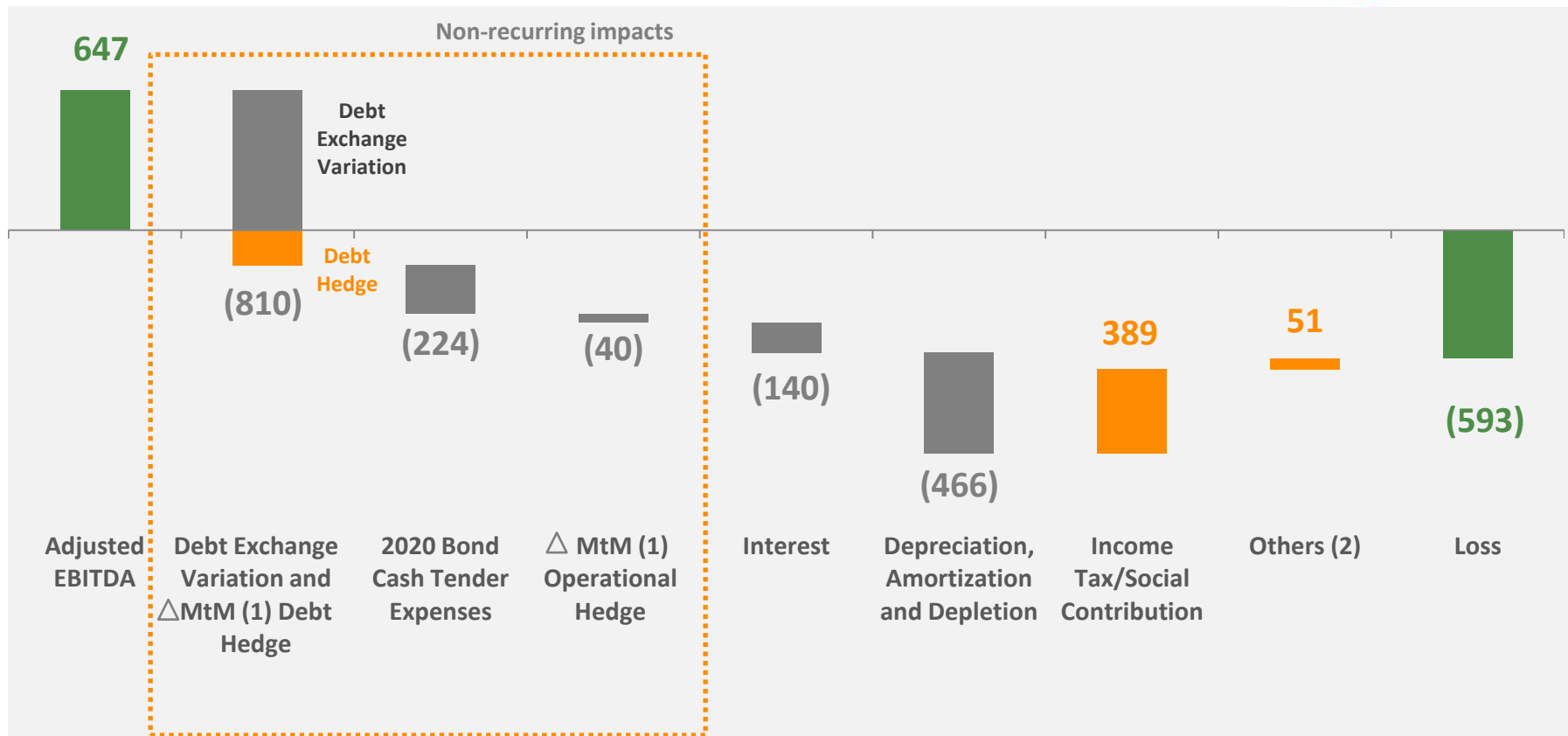
# Free Cash Flow Generation <sup>(1)</sup> (R\$ million)



**- 2Q13 FCF impacted by ECN interest prepayment (R\$ 53 million)**

**- Last twelve months free cash flow totaled R\$956 million**

# Net Result (R\$ million)



- (1) The fair value (MtM) does not represent an obligation of immediate disbursement or receipt of cash because such effect will only occur on the contractual checking dates or in the maturity of each operation, when it will be determined the cash result, according to the case and conditions of the market on the referred dates.
- (2) Includes other exchange and currency variations, other financial income/expenses among others.

- FX variation on the US\$ debt (90% of the total) and the variation on the fair value of the swaps explains great part of the loss of the period, both with no cash impact.
- The non-recurring financial expense from the 2020 Bond Cash Tender offer will provide an annual saving of US\$ 36 million starting in 2Q13, which is worth US\$ 215 million in the net present value.



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