



Conference Call – 3Q16

October 31st, 2016

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Operational Results

- **3Q16:**
Net revenue: R\$2,300 million | EBITDA: R\$758 million | EBITDA margin⁽¹⁾: 37% | FCF⁽²⁾: R\$402 million
- **LTM:**
Net revenue: R\$10,066 million | EBITDA: R\$4,560 million | EBITDA margin⁽¹⁾: 48% | FCF⁽²⁾: R\$2,414 million

Pulp Market

- Sales volume of 1,442 million tons in the quarter⁽³⁾
- Hardwood pulp operating rate⁽⁴⁾ reached 92% in August
- Growth of 1.031 million t in global demand for BEKP (8M16 vs. 8M15)⁽⁴⁾
- Hardwood and softwood spread of US\$148/t in Europe and US\$105/t in China

Financial Performance

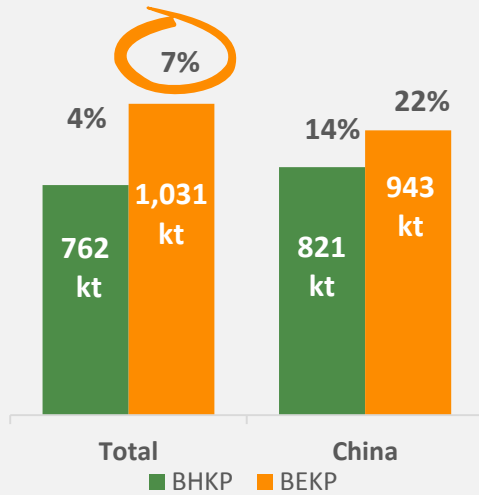
- Leverage of 2.6x (in US\$), within the limits of the financial policy (2.3x in R\$)
- Net debt of US\$3.272 billion
- Cash on hand⁽⁶⁾ of US\$1.102 billion

H2 Project

- 60% of physical completion and 38% of financial execution
- New capex reduction of R\$7.7 billion (US\$2.4 bn) to R\$7.5 billion (US\$2.3 bn)
- US\$1.4 billion in capex to realize⁽⁶⁾ and US\$1.2 billion in funding to withdraw

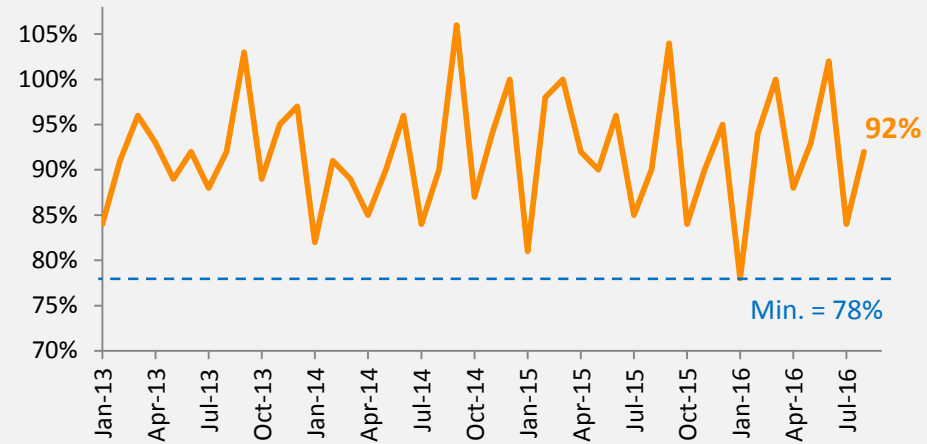
Pulp Sales⁽¹⁾

8M16 vs. 8M15



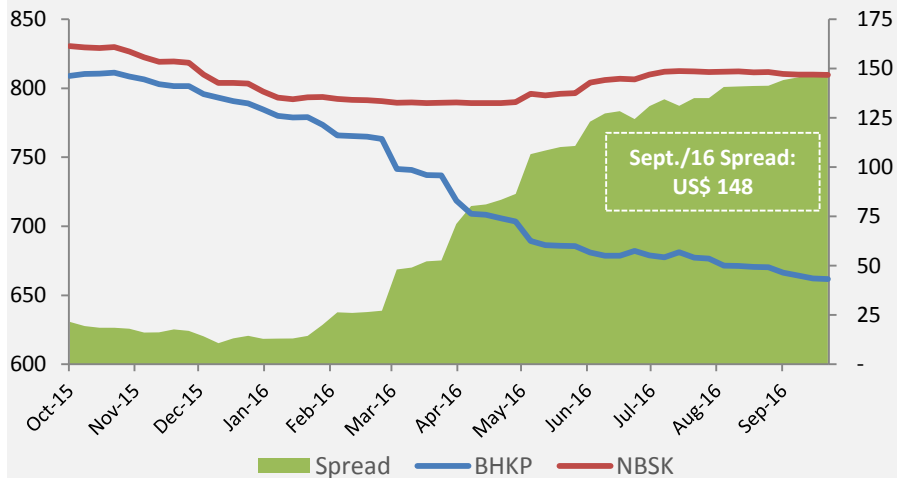
⁽¹⁾ Source: PPPC Global 100 – August/2016

Operating Rate (shipments to capacity) – Hardwood ⁽¹⁾



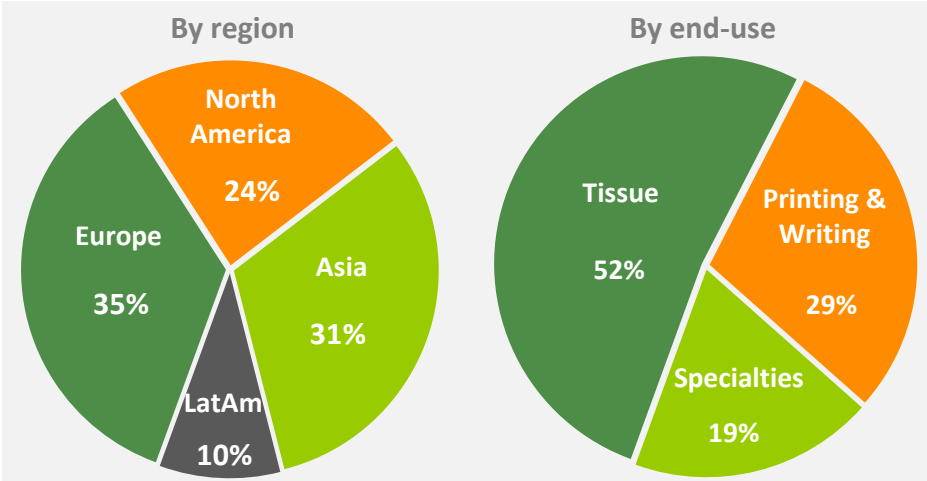
⁽¹⁾ Source: PPPC Global 100 – August/2016

NBSK vs. BHKP – Prices and Spread (US\$/t) ⁽¹⁾



⁽¹⁾ Source: FOEX – Europe (US\$)

Net Revenues Distribution – 3Q16 ⁽¹⁾

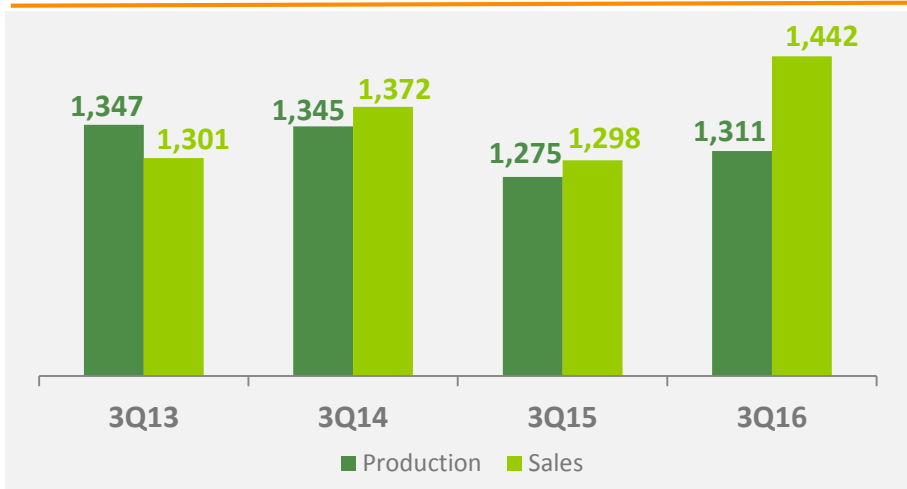


⁽¹⁾ Considering Klabin volumes.

3Q16 Results

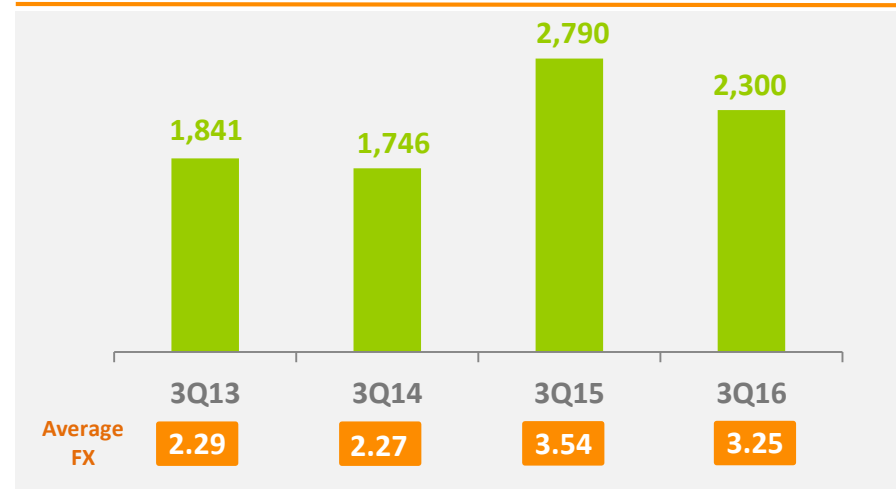


Pulp Production and Sales⁽¹⁾ (000 t)



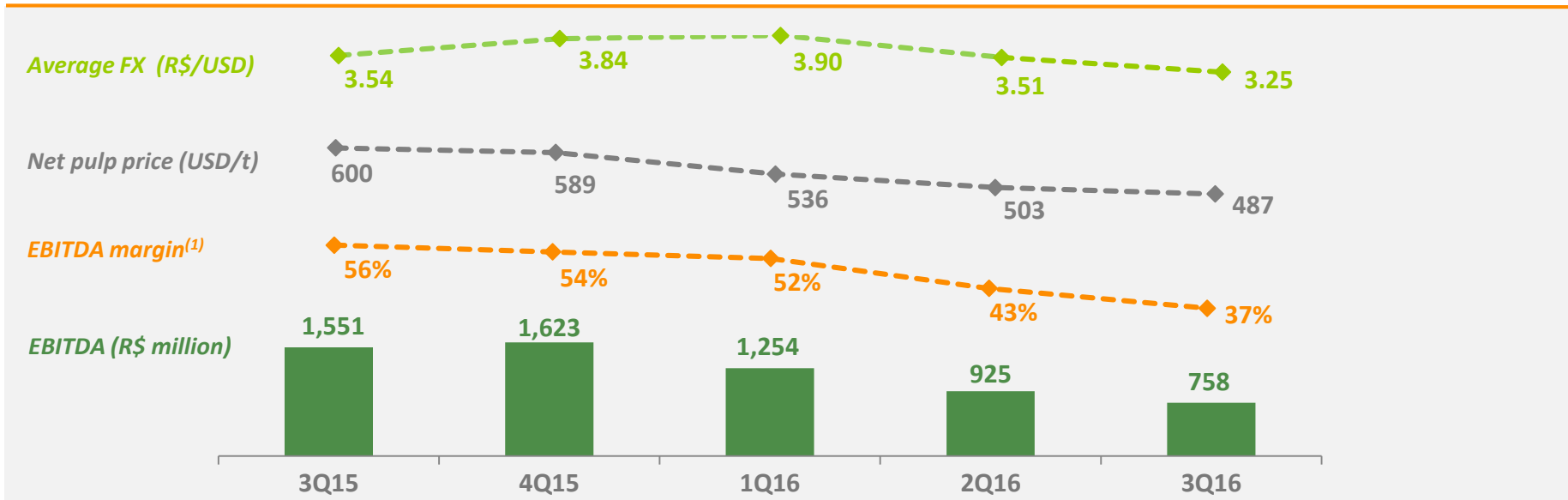
⁽¹⁾ Sales including Klabin volumes.

Net Revenues⁽¹⁾ (R\$ million)



⁽¹⁾ Including Klabin volumes.

EBITDA (R\$ million) and EBITDA Margin (%) – FX Sensitivity

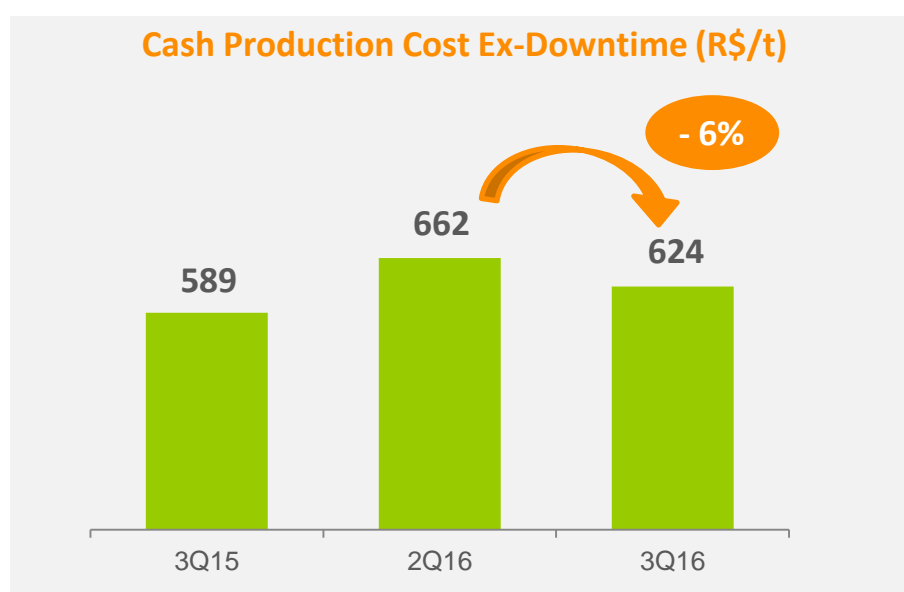
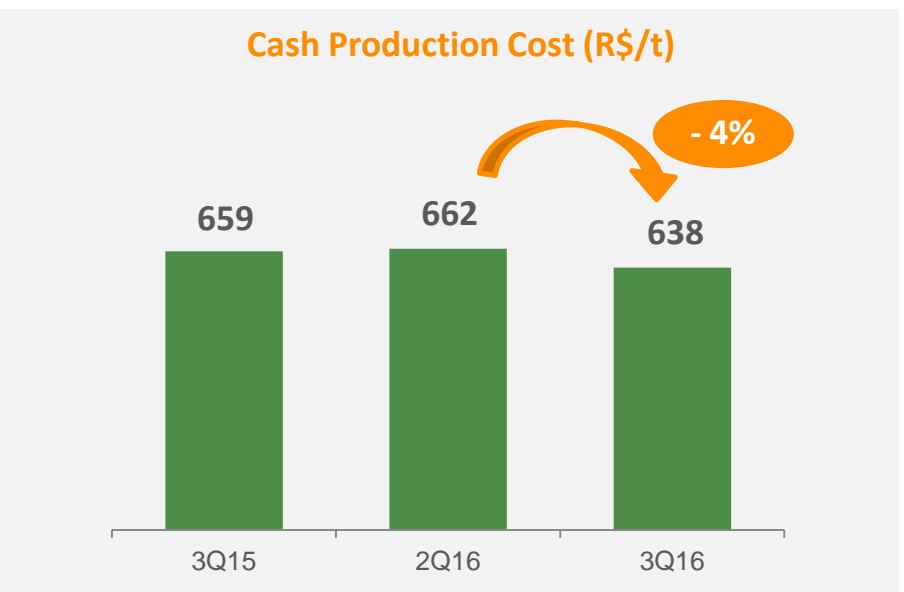
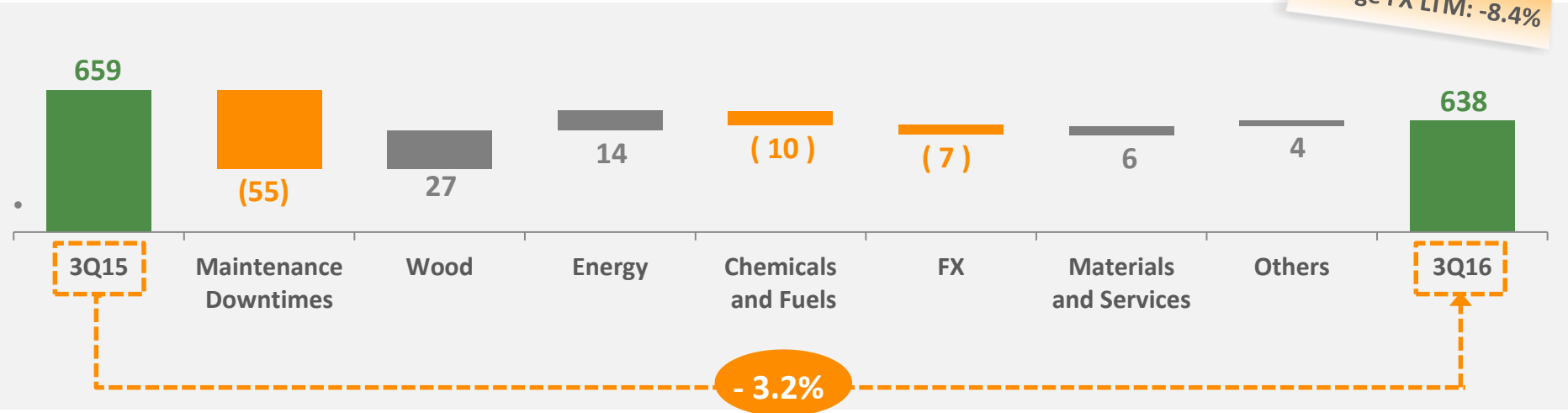


⁽¹⁾ Not considering the effect of Klabin sales.

Cash Production Cost (R\$/t) – 3Q16

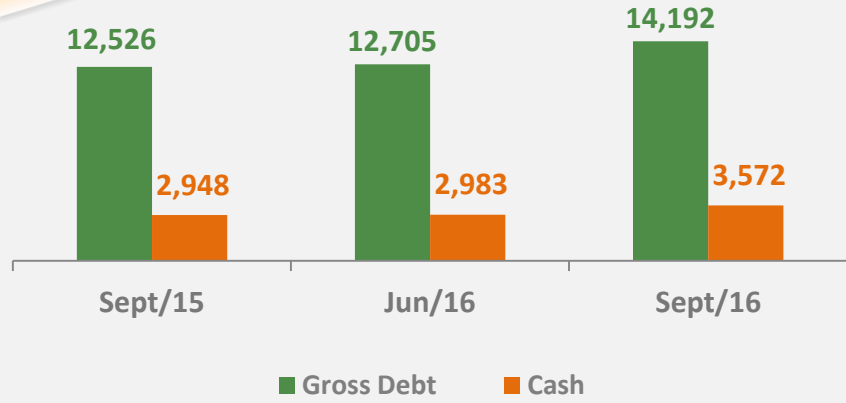


IPCA LTM: 8.5%
Average FX LTM: -8.4%

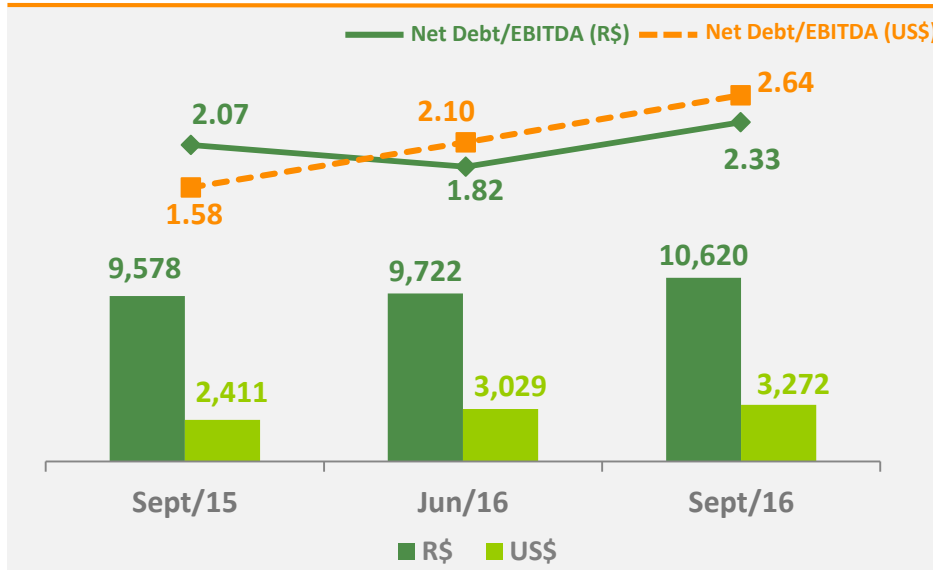


Gross Debt and Cash Position (R\$ million)

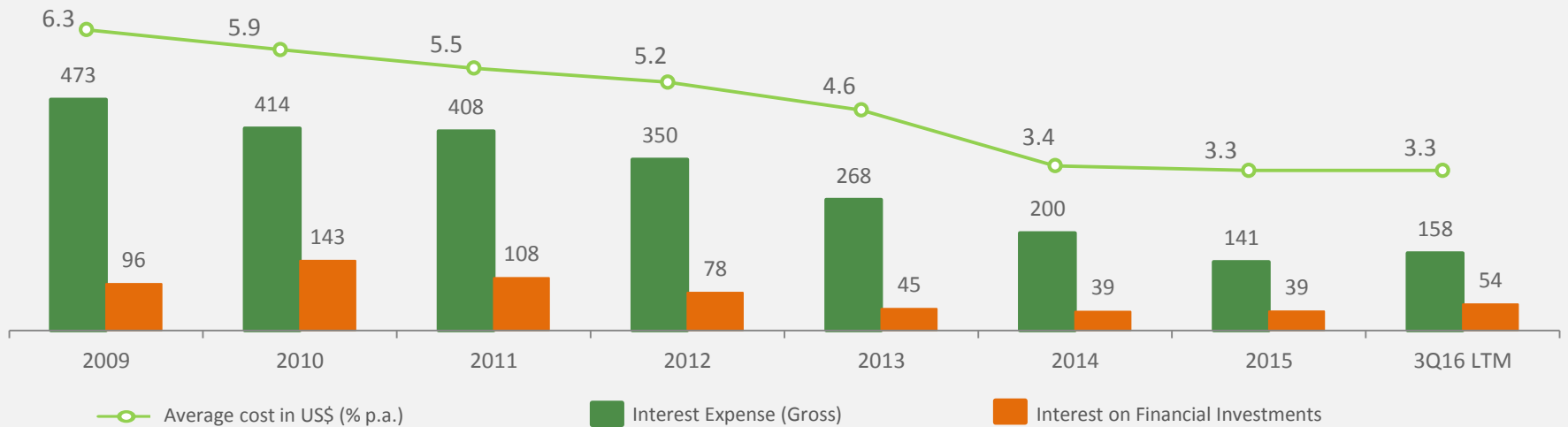
Average term 3Q16:
49 months



Net Debt (Million) and Leverage

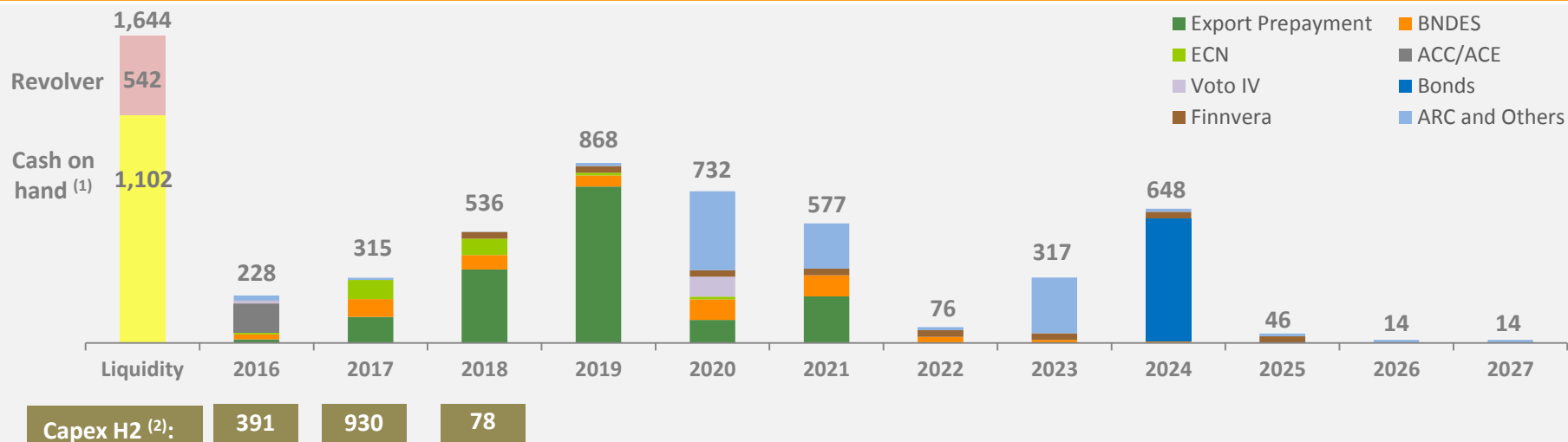


Interest Expense/Income (US\$ million) and Cost of Debt in US\$⁽¹⁾



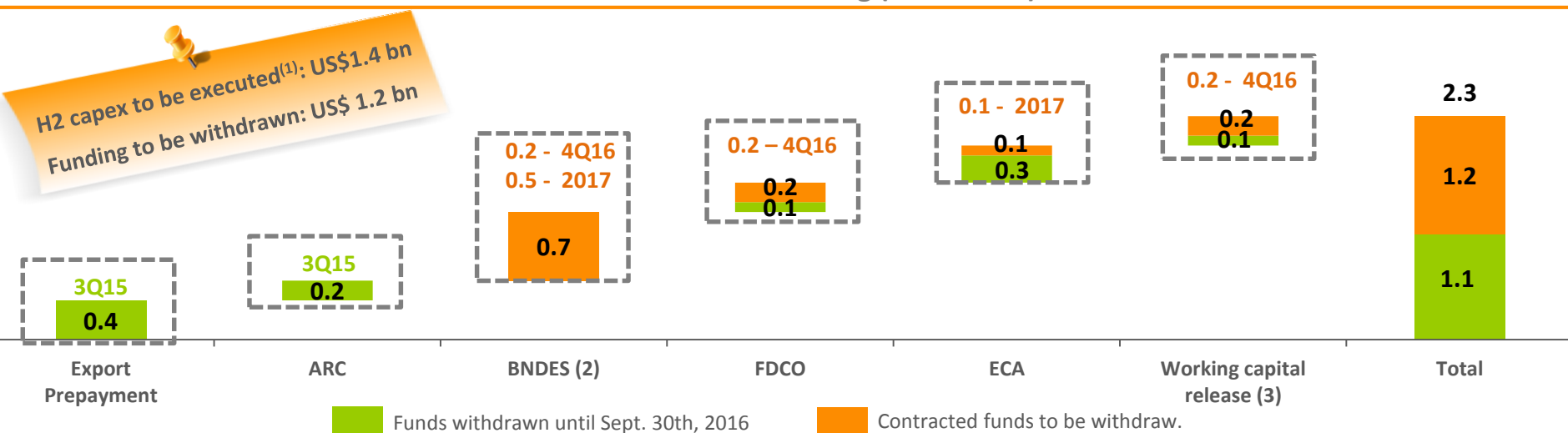
(1) Considering the portion of debt in reais fully adjusted by the market swap curves at the end of each period.

Liquidity⁽¹⁾ and Debt Amortization Schedule (US\$ million)



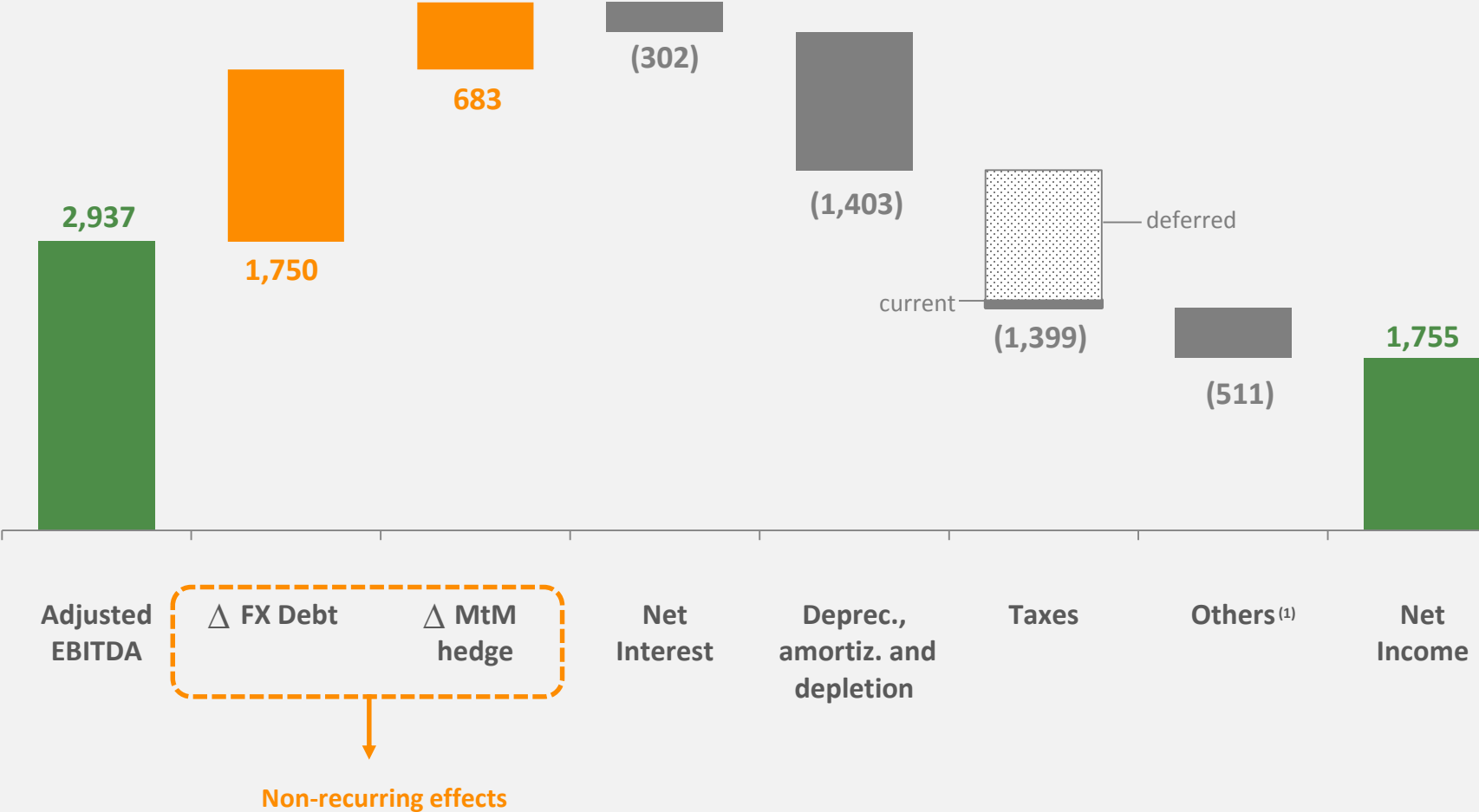
Not including US\$1 million related to MtM of hedging transactions. | (2) Financial execution of US\$857 million capex until September 30th, 2016. Considering FX R\$/US\$ = 3.33.

Horizonte 2 Funding (US\$ billion)



(1) Horizonte 2 Project capex to be disbursed (cash). | (2) R\$423 million withdrawn on October 18th, 2016. | (3) Related to the agreement with Klabin.

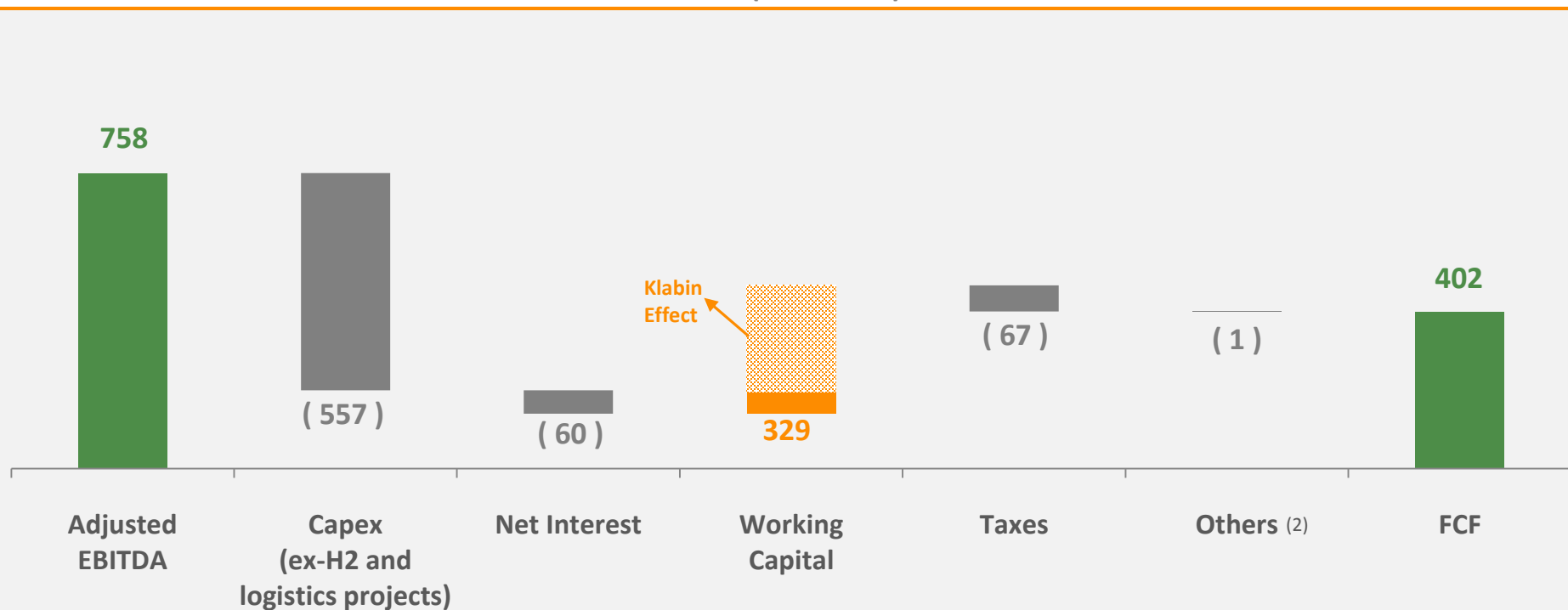
Net Results (R\$ million) – 9M16



⁽¹⁾ Includes other Exchange rate/monetary variations, other financial income/expenses and other operating income/expenses.

Free Cash Flow – FCF

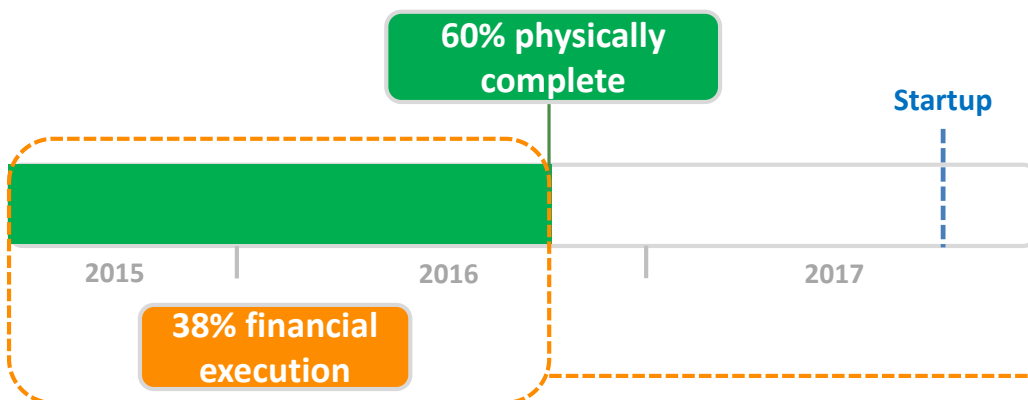
3Q16 FCF⁽¹⁾ (R\$ million)



(1) Not considering capex related to Horizonte 2 project and pulp logistics projects.

(2) Includes other financial results.

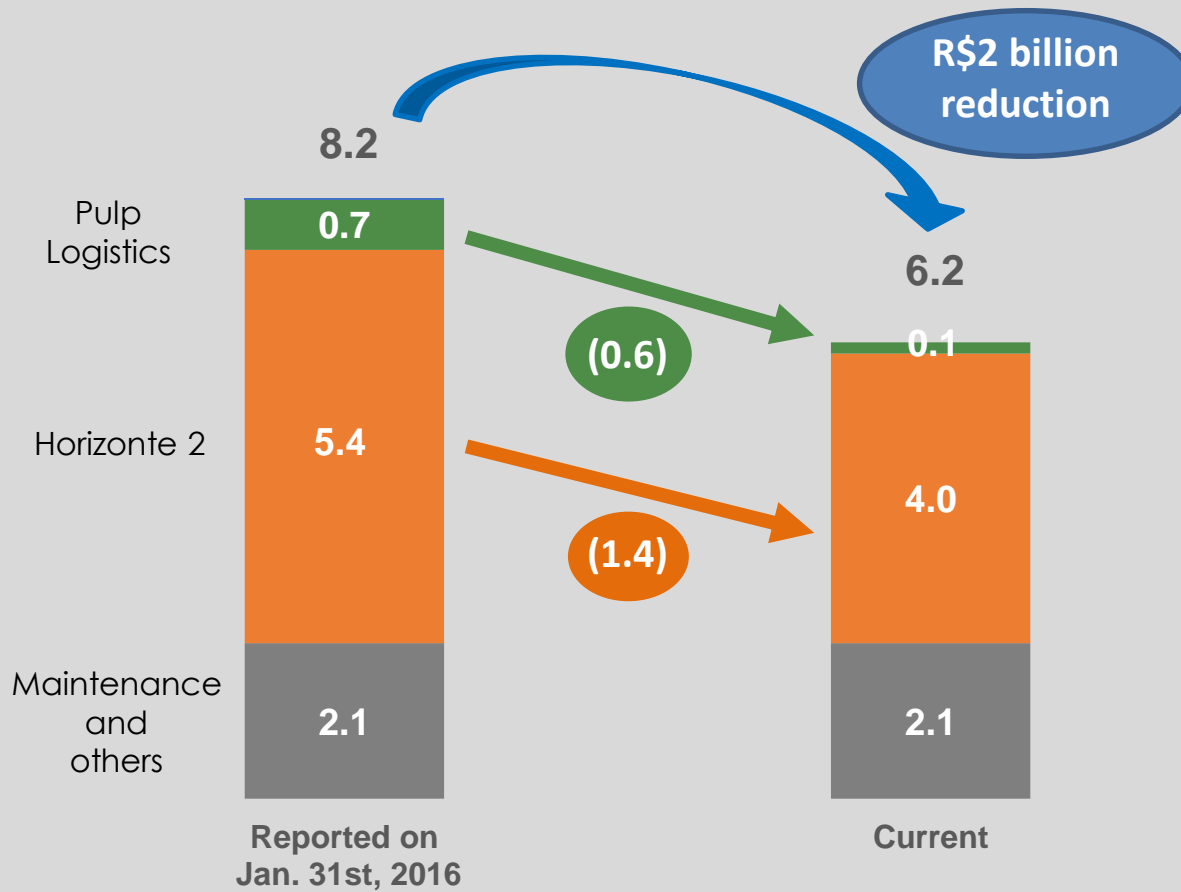
- ✓ Production capacity increase to 1.95 million t/year
- ✓ Startup in the beginning of 4Q 2017
- ✓ Ahead of schedule and below budget



Capex (R\$ billion) ⁽¹⁾		
Acc. execution up to 9M16	To be executed until 2018	Total
2.9	4.6	7.5

(1) Capex disbursement (cash).

Total Capex 2016 (R\$ billion)

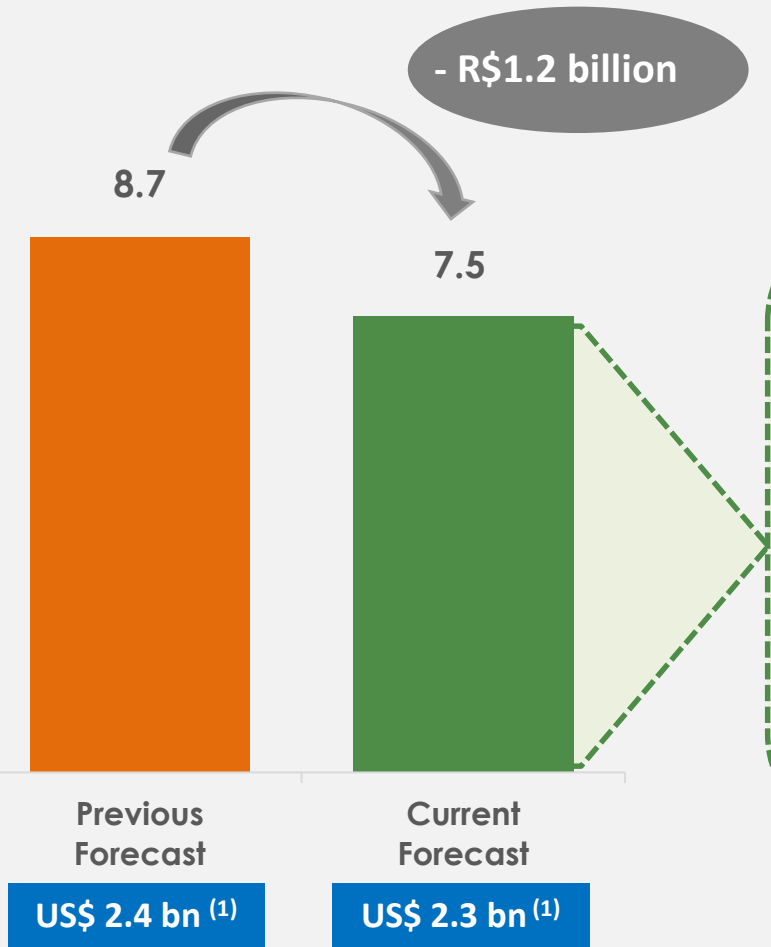


- ❑ 78% of capex reduction on pulp logistics projects
- ❑ 26% of capex reduction on Horizonte 2 project

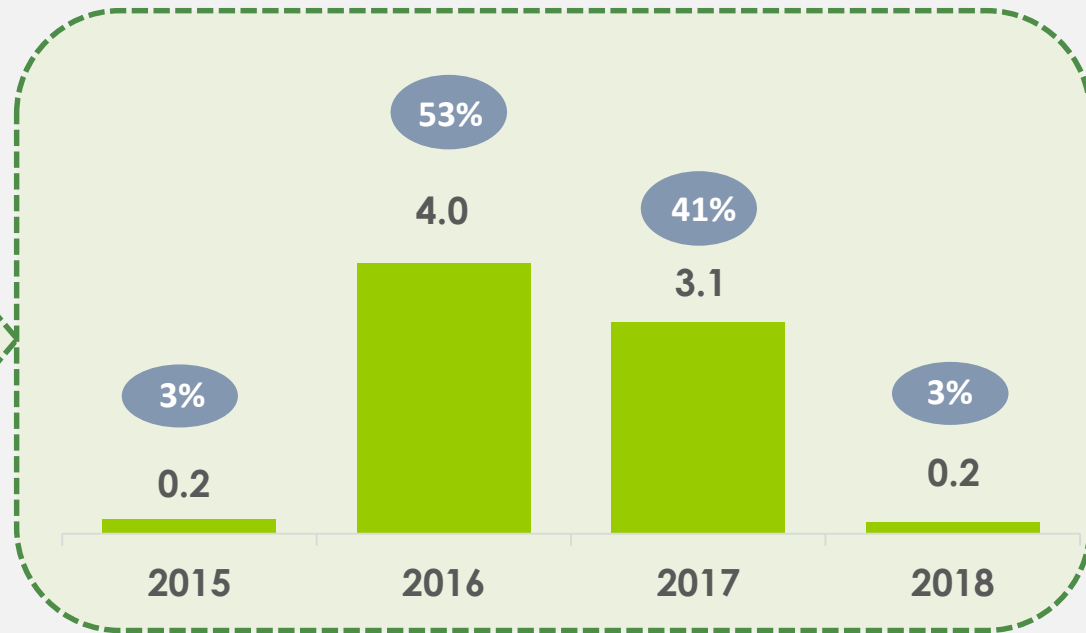
New Capex Reduction – Horizonte 2 Project



Total Capex (R\$ billion)



Capex Timetable (R\$ billion)



(1) FX = 3,56 R\$/US\$ \$ on previous forecast. FX = 3,33 R\$/US\$ \$ on current forecast.



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