SUZANO
PAPEL E CELULOSE

Consolidated Results for 4Q04 and 2004

2004 accumulated net income of R$ 603 million

2004 accumulated Ebitda of R$ 1.04 billion

São Paulo, 17 February 2005: Suzano Bahia Sul Papel e Celulose S.A. ("*Suzano Papel e Celulose*", or "*the company*") – Bovespa ticker **SUZB5** – one of Latin America's largest integrated producers of pulp and paper, announces its consolidated results for the fourth quarter of 2004 (4Q04). The operational and financial figures in this release are the consolidated results, in Reais, according to the Brazilian Corporate Law accounting method. The figures reflect the transaction in which *Companhia Suzano de Papel e Celulose* ("*Companhia Suzano*") was merged into *Bahia Sul Celulose S.A.* ("*Bahia Sul*"), and the resulting company was renamed **Suzano Bahia Sul Papel e Celulose S.A.** For the best possible comparison with accounting and financial information for periods prior to the merger, we use the consolidated data of Companhia Suzano for the previous periods – in which the figures of Bahia Sul were consolidated.

Highlights of the quarter:

- **Startup of optimization project at Mucuri Unit added 60,000 tons/year market pulp capacity.**
- **Signed agreement jointly with VCP to acquire 60% of Ripasa.**
- **Brazilian recovery brings domestic paper sales volume in the 4Q04 back to 65% of total.**
- **Suzano Papel e Celulose earns FSC – Forest Stewardship Council – certification for forest management.**
- **Employees' private pension plan approved in 4Q – in effect since January 2005.**
- **Change in accounting of PIS and Cofins in 4Q affects revenue, COGS, operational margins.**

R$ million

Financial indicators	3Q04	4Q04	4Q03	2004	2003
Net sales	707.5	648.1	651.3	2,639.9	2,477.9
Net income	262.6	136.3	98.9	603.0	586.5
Ebitda*	307.7	224.2	228.6	1,038.9	1,000.2
Net income per share**	0.9248	0.4800	0.3485	2.1237	2.0658
Ebitda margin	43.5%	34.1%	35.1%	39.4%	40.4%
Net debt / LTM Ebitda	1.63	1.56	1.64	1.56	1.64

* Ebitda = Operating profit plus financial expenses, net FX variation effects, depreciation, depletion and amortization.
** Calculation: For the first two (pre-merger) quarters, uses a pro-forma consolidated result based on the post-merger stockholding structure. (Excludes treasury shares.)

Conference call on these results:	
Portuguese: 18 Feb. – 11 a.m. (Rio/São Paulo time) Access: +55 11 2101 1490 Replay: +55 11 2101 1490	**English:** 18 Feb. – 10 a.m. (New York) Access: +1 973 582 2757 Replay: +1 973 341 3080 PIN 5625449
Slide / audio webcast: www.suzano.com.br	

Introduction

During the fourth quarter we took an important step in our growth strategy, with the agreement to acquire, jointly with VCP, a total of 60% of the registered capital of Ripasa. We expect the first phase of the transaction, including the payments to Ripasa's present controlling stockholders, to be completed by 31 March 2005.

Four main factors affected our fourth quarter result: (i) the optimization project at the Mucuri pulp plant, put in place during programmed maintenance stoppage time, adding 60 thousand tons/year to our production capacity – and the impact of the learning curve for this improved equipment on volume and production costs; (ii) the appreciation of the Real against the dollar, reducing prices of exports in Reais; (iii) non-recurring tax provisions, in administrative expenses, caused by adoption of new criteria and strategy for recovery of these amounts; (iv) non-recurring expenditures related to the acquisition of Ripasa.

As part of our policy of attracting and retaining talent, we set up a defined-contribution private pension plan for our employees in 4Q04. Under the plan the company will make a full contribution in relation to previous years of work, calculated individually for each employee, paid over the period until each employee starts to receive the benefits of the plan. This plan took effect in January 2005.

Also in January 2005, we announced we earned the FSC (Forest Stewardship Council) certification for management of our forests in the Brazilian states of Bahia and Espírito Santo – a total of 100 thousand hectares, which supply the Mucuri unit. This was the fruit of our socially and environmentally responsible work in these regions.

The Real / dollar exchange rate – over the past two years

R$/US$	4Q04	3Q04	4Q03	2004	2003
Start of period	2.8586	3.1075	2.9234	2.8892	3.5333
End of period	2.6544	2.8586	2.8892	2.6544	2.8892
Average	2.7861	2.9773	2.9000	2.9263	3.0775

Source: Brazilian Central Bank.

-8% -18% -5%

The pulp market

Average eucalyptus pulp price CIF Europe increased by about 3% to US$518 per ton, and our volume sold was 21.2% higher than in 2003, at 490.1 thousand tons.

World pulp producers stocks varied greatly over the year. They peaked at 41 days' production in August, after the temporary reduction of demand in China and the northern hemisphere summer, and fell at the end of the year to 31 days' production, pointing to a probable improvement in prices in 2005.

With the recovery in the price of eucalyptus pulp (CIF Northern Europe) in the quarter, to US$520 per ton in November, the average price in the quarter was US$507/ton, in line with 3Q04. This reflects the resumption in world demand, and the continued devaluation of the dollar against the Euro. In February of 2005, pulp prices were: USA – US$ 585/ ton, Europe – US$ 550/ ton, Asia – US$ 500 / ton.

The paper market

As a result of the recovery in Brazilian economic activity, the domestic market for paper improved considerably in 2004. The company had flexibility to direct more sales to the domestic market – and in fact increased its domestic sales volume by 17.3% and reduced export volumes by 8.5%.

Preliminary Bracelpa figures show Brazilian production of printing and writing paper and paperboard, in the segments in which we operates, increasing 5.9%, to 2.74 million tons, in 2004. In the context of this change, our share of total production was 28.2%, compared to 30.2% the previous year.

In the external market, led by firm demand in North America, average prices recovered by an average of 5.6%, in spite of the appreciation of the Real at the end of the year. Export prices of printing and writing papers in reels were US$ 283 per ton higher than average pulp prices.

The level ofpaper demand in 4Q04 was in line with the previous nine months of the year. Reflecting this strength, our domestic paper sales volume reached 65% of our total paper sales volume.

Pulp production and cash cost

Our total production in 2004 was 1.239 million tons, 3.1% more than in 2003: 456 thousand tons of market pulp (up 7.4%), and 783 thousand tons of papers (up 0.8%).

Our market pulp production cash cost, including the cost of the wood was R$ 507/ton, (equivalent to US$173/ton), in 2004, that represents an increase of 14% compared to 2003. The difference can mainly be attributed to the maintenance stoppage at Mucuri pulp plant for the optimization project and its "learning curve" that reduced pulp output, and also caused higher expenses on chemicals and energy. Moreover there were an increase in chemical prices and cost of personnel.

As a result of the programmed stoppage for improvements at the Mucuri plant, and the learning curve for the improved equipment, our total production of all products in 4Q04, at 285.7 thousand tons, was 8.2% lower than in 4Q2003 – made up of 76.1 thousand tons of market pulp and 209.6 thousand tons of paper. Due to (i) the appreciation of the Real against the dollar; (ii) this non recurring decrease in production volume, which caused an increase in consumption of chemicals and fuel; and (iii) the increase in prices of some chemical inputs, our pulp production cash cost reached, including the cost of wood in 4Q04 R$ 673/ton, or US$241/ton, which compares with R$ 429, or US$148, per ton in 4Q03, and R$ 472 or US$159 per ton in 3Q04. This variation is explained by the non recurring effects described above, reflecting in an increase of R$ 150 (or US$ 54) per ton. Price increases in some raw materials represented approximately R$ 35 (or US$ 12.5) per ton.

Accounting of the PIS / Cofins taxes

Due to the modification in the PIS / Cofins tax cumulative structure, as of February 2004, the combined rates of these taxes were increased from 4.65% to 9.25%. Following the implementation of this new tax legislation, we began posting the related debits and credits, respectively, in Net sales and Cost of sales. Any comparison of these lines, and profit margins, between 2003 and 2004 should thus take into account this fact arising from the change in the tax environment.

In 4Q04 we reclassified the accounting of these taxes. This impacted four lines: *Deductions from sales, Net sales, Cost of sales* and *Gross profit*. In the published results for the first three quarters of 2004, we posted the net effect of the debits and credits for PIS and Cofins as deductions from net sales revenue. To optimize the accounting treatment, and to follow the trend in accounting practices of our industry, we have now separated the debits and credits. The total of these credits for the first 9 months of 2004 (R$ 89,816) was reclassified from *Deductions from sales* to *Cost of sales* in the income statement. The amounts for the three quarters were respectively R$ 22,841, R$ 33,218, and R$ 33,759. We posted the related debits in *Cost of sales.* The new treatment does not affect the rest of our financial statements. The following table shows the reclassifications made.

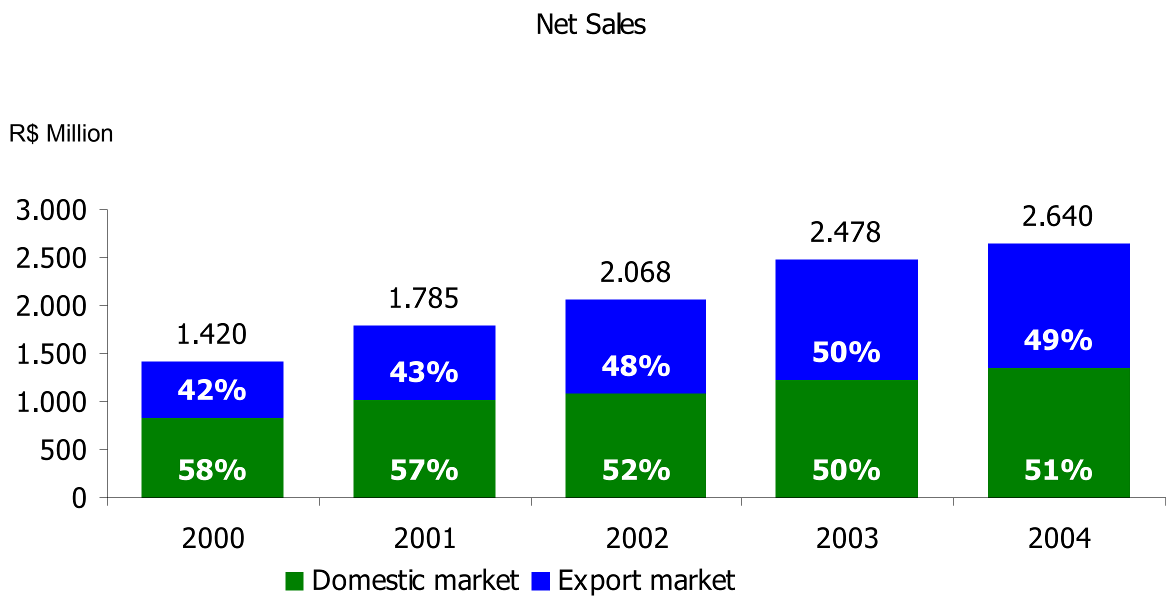
R$ '000

	1Q04	2Q04	3Q04
Gross revenue from sales	711,101	732,948	808,064
Deduction under previous criteria	(54,544)	(59,113)	(66,845)
Net revenue from sales, under previous criterion	**656,557**	**673,835**	**741,219**
Non-cumulative PIS and Cofins credits	*(22,841)*	*(33,218)*	*(33,759)*
Net sales revenue, new criterion	**633,716**	**640,617**	**707,460**
COGS under previous criterion	**(377,765)**	**(391,585)**	**(394,111)**
Non-cumulative PIS and COFINS credits	*22,841*	*33,218*	*33,759*
COGS, new criterion	**(354,924)**	**(358,367)**	**(360,352)**
Gross profit, by both criteria	**278,792**	**282,250**	**347,108**
Previous gross margin	42.5%	41.9%	46.8%
New gross margin	44.0%	44.1%	49.1%

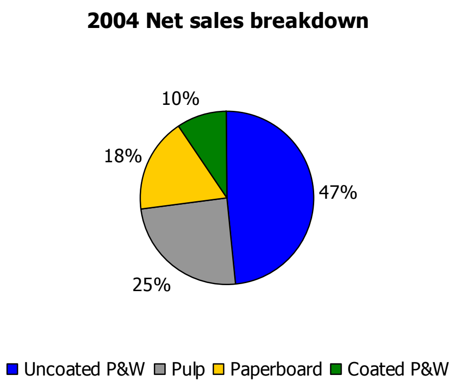
Net sales

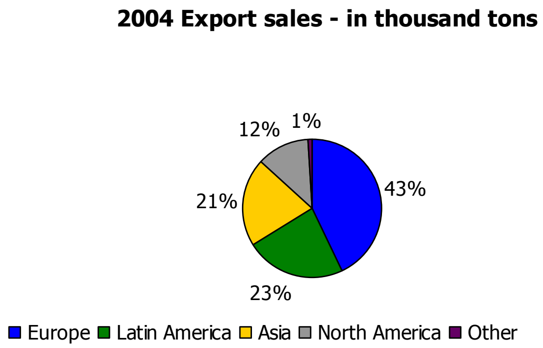
In 2004 we sold a total of 1.284 million tons, 11.3% more than in 2003. As a result of the improved domestic demand, domestic sales were 570 thousand tons, compared with 469 thousand tons in 2003. Exports grew 4.3%, to 714 thousand tons, equivalent to 55.6% of the volume sold, compared to 59.3% in the previous year. Our exports continued to be diversified, in 2004, going to 77 countries.

On volumes sold 11.3% higher than in 2003, and average price 4.3% lower – and after the negative accounting effect of the debit of the PIS and Cofins on net sales – net sales in 2004 were R$ 2,639.9 million in 2004, 6.5% higher than in 2003.



In the domestic market, net sales increased by 10.1%, to R$ 1,358.8 million – on a 21.5% increase in volumes sold, offset by a 9.3% reduction in average price, the price change being partially explained by an increase from 10.7% to 13.7% in pulp sales volume as a percentage of total domestic sales. In exports, net sales revenue increased 3.0%, to R$ 1,281.1 million, reflecting a 4.3% increase in volumes sold, and a reduction of 1.3% in average prices in Reais, in the period. The change in average price represents increases in dollars of 11.0% in average paper prices and 1.8% in pulp prices, offset by the appreciation of the average Real from 2003 to 2004, and also the increase in pulp volume as a percentage of total exports, from 51.8% in 2003 to 57.7% in 2004.



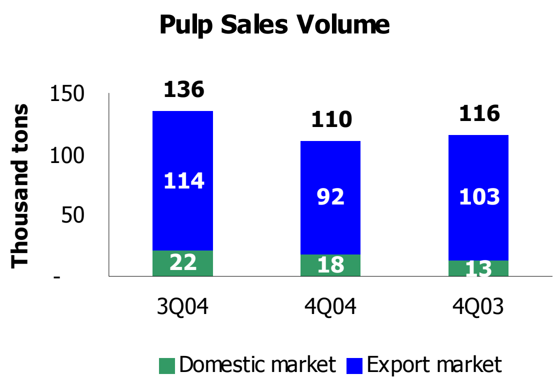


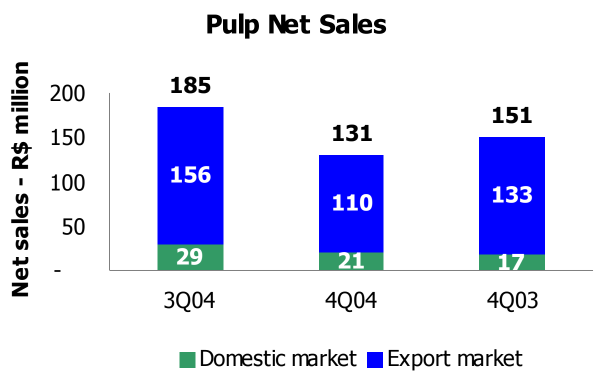
Our net sales in 4Q04 was R$ 658.1 million, 1.1% higher than in the fourth quarter of 2003, in spite of the negative effect of the PIS/Cofins accounting. The change reflected volumes sold 1.6% lower, with average price in Reais 2.7% higher.
Taking into account the effect of the reclassification of PIS and Cofins, net sales revenue was 7% lower than in the third quarter, on volume sold 6.3% lower, and also average price 0.7% lower.

Net sales from pulp

At R$ 649.5 million, our net sales from pulp was 13.8% higher than in 2003. This primarily reflected sales volume 21.2% higher, at 490.1 thousand tons, compensating a reduction of 6.1% in average price of pulp in Reais – to R$ 1,325.4 per ton in 2004. The reduction of the average price in Reais reflects the appreciation of the Real, slightly offset by a rise of 1.5% in prices in dollars.

Our pulp net sales in 4Q04 was R$ 131.0 million, 13% lower than a year before (4Q03). The difference reflects volume sold 4.6% lower and average prices in Reais 8.8% lower. The volume reduction is due to the maintenance stoppage at the Mucuri unit, and the subsequent learning curve on the improved pulp mill equipment; and the reduction in prices in Reais reflects the appreciation of the Real against the dollar.

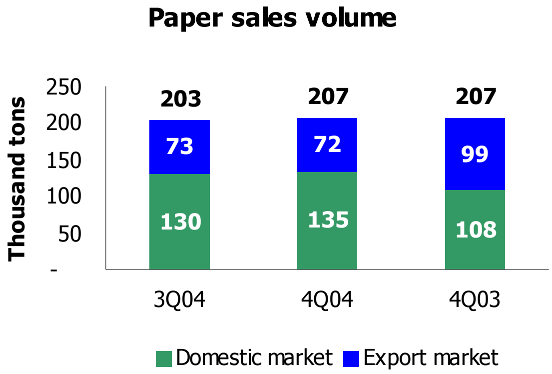


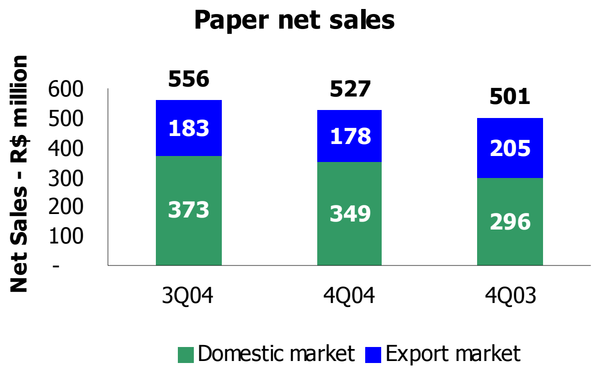


Net sales from paper

Our net sales from paper in 2004 totaled R$ 1,990.4 million, an increase of 4.4% from 2003. The positive effect of a 5.9% increase in volume sold, to 793.7 thousand tons in 2004, was partially offset by a 1.5% reduction in the average price of papers, to R$ 2,507.7 per ton in 2004. The increase in paper volumes sold was mainly a reflection of the increase in demand in the domestic market – where our volume sold was 17.3% higher than in 2003, totaling 491.6 thousand tons, or 62% of our total sales of paper – compared with 56% in 2003.

Our paper net sales in 4Q04 was R$ 527.2 million, 5.3% more than in the same period of 2003, reflecting volumes sold 0.2% higher and average prices 5.1% higher in Reais. Sales to the domestic market were 65.0% of total paper volumes sold, in the quarter, which compares with 52.3% in 4Q03.





Cost of sales

The average unit cost of products sold in 2004 was R$ 1,128.54, 3.4% lower than in 2003, after the effect of the PIS and Cofins credits on purchases of raw materials, services and other inputs related to production, and on initial inventories and depreciation. Without this effect, average unit cost was R$ 1,228.94, or 5.2% more than in 2003. The main factor in this growth was the higher cost of production caused by the period of maintenance at the Suzano unit in the second quarter of 2004 for the modernizations of the B8 paper machine and Mucuri pulp plant for the optimization project – which increased its output capacity by 60 thousand tons/year, respectively. The beginning of this "learning curve" of the new facilities reduced pulp and paper output, and also caused the following non-recurring effects: (i) higher consumption of fuel, energy and chemicals; (ii) purchase of pulp for production of paper; (iii) higher spending on maintenance; and (iv) less dilution of fixed costs. These factors were compensated mainly by: (a) higher proportion of pulp in total volume sold; (b) higher concentration of sales in the domestic market, where the distribution cost is lower; and (c) the impact of the appreciation of the Real on dollar-denominated costs, especially logistics.

4Q04 average unit cost of products sold was R$ 1,183.06/ton, 2.2% below than in 4Q03, considering the effect of the PIS / Cofins taxes. Without this effect, the average unit cost would have reached R$ 1,306.3 / ton, or 8.0% higher than in 4Q03. The main reason for this increase was the impact derived from the maintenance stoppage, and from the optimization and learning curve of the new facilities, as already explained.

Gross profit

Gross profit, at R$ 1,191.1 million, was 5.3% higher than in 2003. The effect of the new accounting of the PIS and Cofins taxes produced a positive impact on gross margin, while there was a negative effect from the R$ 22.5 million increase in depreciation caused by the volume of capital expenditure investment completed (assets in the modernization or optimization projects which began to be used for the first time).

4Q04 gross profit was R$ 283.0 million, 8.1% higher than in 4Q03, with gross margin of 43.0%, compared to 40.2% in 4Q03. This comparison should be seen in the context of the new accounting rules, as explained above.

Selling expenses

Selling expenses grew from 5.7% of net sales in 2003 to 5.8% in 2004. The components of the increase, of R$ 12.5 million, were: R$ 5.8 million in logistics expenses, R$ 3.6 million in personnel expenses and R$ 3.1 million in domestic market distribution expenses.

Our selling expenses in 4Q04 were R$ 51.7 million, 28.3% higher than in the fourth quarter of the previous year. The main differences were (i) an increase in provision for doubtful accounts of R$ 5.0 million, (ii) increase of R$ 2.7 million in distribution expenses and (iii) higher marketing investments. In the comparison with 3Q04, selling expenses were 41.2% higher, due to (i) increase in provision for doubtful accounts; (ii)higher investment on marketing and distribution, and (iii) a salary adjustment of 6%.

General and administrative expenses

Despite the reduction of R$ 4.5 million in fixed personnel expenses, General and administrative expenses were 11.6% higher, at R$ 224.7 million, in 2004, due to a R$ 7.6 million increase in expenses related to the profit-sharing program, and the following provisions and non-recurring items: (ii) R$ 6.7 million in expenses related to the organizational restructuring, the debenture issue and the acquisition of Ripasa; (iii) a tax provision (ICMS) of R$ 11.9 million, reflecting adoption of new criteria and strategy for recovery of this amount; and (iii) labor provisions totaling R$ 5.0 million. None of the provisions reflects disbursement of their full amount in cash in the period. As a percentage of net sales, G&A expenses increased from 8.1% in 2003 to 8.5% in 2004.

Our general and administrative expenses in 4Q04, at R$ 73.2 million, were 53.5% higher than in 4Q03, and 25.0% higher than in 3Q04. The main components of the increase are: (a) fixed and variable personnel expenses R$ 8.7 million higher, and (b) two non-recurring provision items: (i) R$ 5.5 million for labor provisions, (ii) R$ 6.5 million in tax provisions, and (iii) expenses of R$ 1.9 million related with Ripasa’s acquisition process.

Ebitda

Ebitda increased by 3.9%, to R$ 1.0389 billion in 2004, from R$ 1.0002 billion in 2003. Ebitda margin on net sales, however, declined from 40.4% in 2003 to 39.4% in 2004 – in spite of a positive effect of 2,7 percentage points from the change in the accounting of PIS and Cofins. The main factors in this decline were: (i) the appreciation of the Real against the dollar; (ii) the process of modernization and optimization of the Suzano and Mucuri units, which increased production capacity by 43 thousand tons/year of paper and 63 thousand tons/year of pulp; and (iii) increased provisions and expenses caused by the process of restructuring of the company.

Our 4Q04 Ebitda was R$ 224.2 million, 1.9% lower than in the same quarter of the previous year, and 27.1% less than in 3Q04. The difference mainly represents the non-recurring factors which affected our expenses in 4Q04, the improvements at the Mucuri pulp mill which increased production costs, and the appreciation of the Real against the dollar – both during the quarter and in comparison to 3Q04 – and also to the reduction in pulp sales volume.

Net financial income / expenses

In 2004 this line was a net expense of R$ 67.5 million, compared with net financial income of R$ 76.9 million in 2003. A substantial part of this difference arises from the effect of monetary and FX variations on the values of assets and liabilities denominated in US dollars. In 2004 there was a net FX-related gain of R$ 61.4 million, which compares with a net FX-related gain of R$ 318.5 million in the previous year. These amounts do not necessarily represent outflow or inflow of funds in the respective periods.

In 4Q04 this line posted net financial income of R$ 21.0 million, compared with a net financial expense of R$ 50.7 million in 4Q04. The variation reflects the appreciation of the Real, with its positive effect on the dollar-denominated part of our debt, and also a lower average dollar in

2004, reducing the amount of our debt in Reais, resulting in lower interest payments. Monetary and FX effects within this line totaled a net gain of R$75.5 million in the 4Q04, compared with a net gain of R$ 8.6 million in 4Q04. These amounts do not necessarily represent outflow or inflow of funds in the respective periods.

Income tax and Social Contribution

It was registered a provision of R$ 198.0 million in 2004, versus R$ 259.0 million in 2003. The reduction is mainly related to a lower FX variation gain in 2004, reducing taxable income.

In 4Q04 we provisioned R$ 57.9 million for payment of income tax and the Social Contribution, compared with R$ 17.6 million in 4Q03. This difference is mainly due to the effect of the net FX variations, resulting in higher taxable income in this quarter.

Net income

2004 net income was a record, at R$ 603.0 million (R$ 2.12 per share), compared with R$ 586.5 million (R$ 2.07 per share – a pro-forma calculation using the new, post-merger stockholder base) in 2003. As well as the factors described above, the appreciation of the Real in the period also contributed to the increase.

Net income of Suzano Papel e Celulose in 4Q04 was R$ 136.3 million, 37.8% higher than in the fourth quarter of 2003.

Cash and debt

We have been putting into practice a strategy of lengthening our debt profile, to reduce the rollover risk on our short-term debt.

Net debt at 30 December 2004 was R$ 1,616.0 million, or US$ 608.8 million, compared to R$ 1,702.4 million, or US$ 595.6 million, on 30 September 2004. Net debt / acummulated Ebitda annualized, at the end of September, was 1.56, compared to 1.57 at the end of September 2004.

Capital expenditure

In 2004 we invested R$ 617.9 million – or US$ 211.2 million – of which (i) R$ 43.5 million was invested in expanding the area of our forests; (ii) R$ 277.0 million was invested in industrial modernization, of which R$ 195.5 million in the Mucuri unit and R$ 81.5 million in the Suzano unit; (iii) R$ 184.9 million went into current capital expenditure; (iv) R$ 48.0 million was spent on the Capim Branco hydroelectric power plant; and (v) R$ 64.5 million was spent in other items, including an R$53.9 million in accounting writedown of the profits on inter-company sales of fixed assets as part of the merger, in June 2004, which generated an accounting increase in fixed assets.

The most important change in the Suzano unit was modernization of the B8 paper machine, which produces uncoated printing and writing paper. This modernization improved machine productivity and eficiency and reduced unit production cost.,Production capacity for these products was increased by 43 thousand tons/year.

At the Mucuri unit, optimization of the output of the pulp line increased our pulp production capacity by 60 thousand tons/year – to 645 thousand tons/year, of which 455 thousand tons/year will be sold direct to the market and the rest used in our own production of paper.

Also in Mucuri, construction of the second pulp mill is planned to begin in 2005, after the Board go-ahead. The mill is expected to start operating in third quarter 2007, will be the result of investment of an estimated US$1.28 billion, and will have capacity for 1.0 million tons/year. This will subsequently be expanded to 1.1 million tons/year, without additional investment. With only marginal investment, 150 thousand tons/year of capacity will be added by 2013, bringing the total to 1.25 million tons/year.

Capital expenditure in fourth quarter 2004 totaled R$ 109.3 million – or US$ 39.2 million – of which (i) R$ 3.7 million was invested in expanding the area of our forests; (ii) R$ 77.1 million was invested in industrial modernization, of which R$ 71.5 million in the Mucuri unit and R$ 5.6 million in the Suzano unit; (iii) R$ 5.9 million went into current capital expenditure; (iv) R$ 20.6 million was spent on the Capim Branco hydroelectric power plant; and (v) R$ 2.0 million was spent in other items.

Subsequent events

In December 2004 our new private pension plan for the company's employees was approved, and it was put into effect in January 2005, further enhancing our strategy of attracting and retaining talent. All the company's employees were included in this project. Its basic features are the concept of defined contribution, and the age of 65 as the contribution limit.

In January 2005, Suzano Papel e Celulose received FSC - Forest Stewardship Council – certification for the management of its forests in the states of Bahia and Espírito Santo (100 thousand hectares), and also for the industrial activities at the Mucuri Unit. The FSC seal of recognition was created in 1993, to recognize environmental conservation and sustainable development in forests.

Also in January, the Board approved contracting of Unibanco Investshop Corretora de Valores Mobiliários e Câmbio S.A. (Unibanco) as market maker for the first series of the third issue of our 10-year debentures issued in August 2004 (trading ticker SUZB13).

Suzano Bahia Sul Papel e Celulose is one of the largest fully integrated producers of pulp and paper in Latin America, with pulp production capacity of 1.1 million tons/year and paper production capacity of 820 thousand tons/year. It offers a broad range of pulp and paper products for the domestic and international markets, with a leadership position in key Brazilian markets. It has four principal product lines: (i) eucalyptus pulp; (ii) uncoated woodfree printing and writing paper; (iii) coated woodfree printing and writing paper; and (iv) paperboard.

Forward-looking statements

Certain statements in this document 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 future demand for the company's products, changes in the factors which affect domestic and international prices of the products, changes in the cost structure, changes in seasonal market patterns, changes in prices charged by competitors, exchange rate variations, or changes in the Brazilian political or economic scenario, or in emerging and international markets in general.

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4) **Full name of the company: Suzano Bahia Sul Papel e Celulose S.A.**

Data on volume, average price in Reais and US$, and the calculation of Ebitda are unaudited.

Production volume **(Thousands of tons)**

	3Q04	4Q04	4Q03	2004	2003
Pulp	134,4	76,1	117,5	456,3	424,9
Coated P&W	22,7	20,6	20,9	84,2	84,0
Paperboard	48,1	49,5	48,8	186,2	197,6
Uncoated P&W	135,8	139,5	124,1	512,3	494,7
Total	**341,0**	**285,7**	**311,4**	**1.239,0**	**1.201,3**

Net sales revenue and sales volume **(Thousands of tons)**

	3Q04		4Q04		4Q03		2004		2003	
	R$	Tons	R$	Tons	R$	Tons	R$	Tons	R$	Tons
Domestic Market	**368.948**	**152,1**	**370.161**	**153,0**	**313.107**	**120,8**	**1.358.821**	**569,7**	**1.234.118**	**469,0**
Pulp	26.340	21,8	21.261	18,5	17.259	12,7	89.277	78,1	73.054	50,0
Coated	60.385	20,0	55.622	18,7	54.996	18,1	219.430	74,2	220.874	70,1
Paperboard	94.115	34,7	92.339	33,7	72.286	26,7	341.246	127,8	295.195	107,2
P&W	188.108	75,5	200.939	82,1	168.566	63,3	708.868	289,6	644.995	241,8
Export Market	**338.512**	**186,5**	**287.980**	**164,2**	**338.153**	**201,4**	**1.281.113**	**714,2**	**1.243.805**	**684,5**
Pulp	155.503	113,7	109.706	91,8	133.265	102,9	560.272	412,0	497.605	354,3
Coated	7.418	2,8	9.426	3,7	7.139	3,0	31.676	12,8	20.331	8,0
Paperboard	31.677	13,9	23.695	10,4	45.076	23,9	122.932	58,7	169.953	91,3
P&W	143.914	56,1	145.153	58,3	152.673	71,6	566.233	230,6	555.916	231,0
Total	**707.460**	**338,6**	**658.141**	**317,1**	**651.260**	**322,1**	**2.639.934**	**1.283,8**	**2.477.923**	**1.153,6**
Pulp	181.843	135,6	130.967	110,2	150.524	115,6	649.549	490,1	570.659	404,3
Coated	67.803	22,9	65.048	22,3	62.135	21,0	251.106	86,9	241.205	78,0
Paperboard	125.792	48,6	116.034	44,1	117.362	50,7	464.178	186,6	465.148	198,5
P&W	332.022	131,6	346.092	140,4	321.239	134,9	1.275.101	520,2	1.200.911	472,7

Consolidated balance sheet (R$ ’000)

	Dec 31, 2004	Dec 31, 2003
CURRENT ASSETS		
CASH AND CASH EQUIVALENT	1,086,220	1,332,451
TRADE ACCOUNTS RECEIVABLE	560,260	412,148
OTHER ACCOUNTS RECEIVABLE	12,314	24,315
INVENTORIES	405,995	383,841
RECOVERABLE TAXES	30,885	45,147
DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	106,075	62,137
PREPAID EXPENSES	5,286	10,649
	2,207,035	**2,270,688**
NON CURRENT ASSETS		
RELATED PARTIES	11	-
RECOVERABLE TAXES	25,532	26,345
DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	137,853	187,899
ADVANCES TO SUPPLIERS	81,001	49,354
JUDICIALDEPOSITS	29,308	23,979
OTHER ACCOUNTS RECEIVABLE	24,025	10,767
	297,730	**298,344**
PERMANENT ASSETS		
INVESTMENTS	25,796	23,622
PROPERTY, PLANT AND EQUIPMENT	3,459,870	3,060,498
DEFERRED CHARGES	1,418	345,340
	3,487,084	**3,429,460**
TOTAL ASSETS	**5,991,849**	**5,998,492**

	Dec 31, 2004	Dec 31, 2003
CURRENT LIABILITIES		
TRADE ACCOUNTS PAYABLE	133,730	152,479
LOANS AND FINANCING	789,680	1,444,468
DEBENTURES	24,784	-
ACCRUED SALARIES AND PAYROLL TAXES	52,207	46,459
TAXES PAYABLE OTHER THAN ON INCOME	16,220	8,978
INCOME AND SOCIAL CONTRIBUTION TAXES	2,897	5,975
DIVIDENDS PAYABLE	81,836	120,503
OTHER ACOUNTS PAYABLE	67,251	84,115
RELATED PARTIES	504	1,613
	1,169,109	**1,864,590**
NON CURRENT LIABILITIES		
LOANS AND FINANCING	1,412,330	1,533,347
DEBENTURES	475,384	-
ACCOUNTS PAYABLE	29,538	32,842
DEFERRED INCOME AND SOCIAL CONTRIBUTION TAXES	13,147	27,713
PROVISION FOR CONTINGENCIES	146,080	105,501
		-
	2,076,479	**1,699,403**
MINORITY INTERESTS	-	**115,606**
SHAREHOLDER´S EQUITY		
SHARE CAPITAL	1,477,963	1,287,737
CAPITAL RESERVES	342,685	26,741
REVALUATION RESERVES	-	34,281
PROFIT RESERVES	940,693	970,158
TREASURY SHARES	(15,080)	(24)
ACCUMULATED PROFIT	-	-
	2,746,261	**2,318,893**
TOTAL LIABILITIES	**5,991,849**	**5,998,492**

Consolidated income statement (R$ '000)

	2004	A.V.%	2003	A.V.%	2004X2003
NET SALES	**2,639,934**	**100.0%**	**2,477,923**	**100.0%**	**6.5%**
COST OF SALES	(1,448,832)	-54.9%	(1,347,294)	-54.4%	7.5%
GROSS PROFIT	**1,191,102**	**45.1%**	**1,130,629**	**45.6%**	**5.3%**
SELLING EXPENSES	(152,971)	-5.8%	(140,471)	-5.7%	8.9%
GENERAL AND ADMINISTRATIVE EXPENSES	(224,711)	-8.5%	(201,412)	-8.1%	11.6%
FINANCIAL EXPENSES	(252,029)	-9.5%	(352,843)	-14.2%	-28.6%
FINANCIAL INCOME	123,068	4.7%	111,180	4.5%	10.7%
EQUITY INCOME INSUBSIDIARIES AND AFFILIATES	(286)	0.0%	(1,054)	0.0%	-72.9%
AMORTIZATION OF GOODWILL	-	0.0%	(41,687)	-1.7%	-100.0%
OTHER OPERATING INCOME	25,093	1.0%	33,221	1.3%	-24.5%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	**709,266**	**26.9%**	**537,563**	**21.7%**	**31.9%**
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	61,418	2.3%	318,516	12.9%	-80.7%
OPERATING PROFIT	**770,684**	**29.2%**	**856,079**	**34.5%**	**-10.0%**
NONOPERATING INCOME	30,072	1.1%	13,592	0.5%	121.2%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TA	**800,756**	**30.3%**	**869,671**	**35.1%**	**-7.9%**
INCOME AND SOCIAL CONTRIBUTION TAXES	(197,797)	-7.5%	(258,988)	-10.5%	-23.6%
NET INCOME BEFORE MINORITY INTEREST	**602,959**	**22.8%**	**610,683**	**24.6%**	**-1.3%**
MINORITY INTEREST	-	0.0%	(24,165)	-1.0%	0.0%
NET INCOME FOR THE PERIOD	**602,959**	**22.8%**	**586,518**	**23.7%**	**2.8%**
DEPRECIATION / DEPLETION / AMORTIZATION	200,430		178,255		
EBIT	838,513		821,967		
EBITDA	1,038,943		1,000,222		
GROSS PROFIT / NET SALES	45.1%		45.6%		
EBITDA / NET SALES	39.4%		40.4%		
NET DEBT / EBITDA (anualized)	1.56		1.64		

Consolidated income statement (R$ ’000)

	3Q04	4Q04	4Q03	4Q04X3Q04	4Q04X4Q03
NET SALES	**707,460**	**658,141**	**651,260**	**-7.0%**	**1.1%**
COST OF SALES	(360,352)	(375,189)	(389,617)	4.1%	-3.7%
GROSS PROFIT	**347,108**	**282,952**	**261,643**	**-18.5%**	**8.1%**
SELLING EXPENSES	(36,644)	(51,727)	(40,308)	41.2%	28.3%
GENERAL AND ADMINISTRATIVE EXPENSES	(58,429)	(73,241)	(47,062)	25.4%	55.6%
FINANCIAL EXPENSES	(70,307)	(73,782)	(75,377)	4.9%	-2.1%
FINANCIAL INCOME	26,880	19,305	16,076	-28.2%	20.1%
EQUITY INCOME INSUBSIDIARIES AND AFFILIATES	(40)	(38)	(178)	-5.0%	-78.7%
AMORTIZATION OF GOODWILL		-	(10,421)	0.0%	-100.0%
OTHER OPERATING INCOME	5,155	11,738	8,543	127.7%	37.4%
OPERATING PROFIT BEFORE MONETARY AND EXCHANGE	**213,723**	**115,207**	**112,916**	**-46.1%**	**2.0%**
NET MONETARY AND EXCHANGE RATE VARIATION ON ASSETS	128,655	75,511	8,651	-41.3%	772.9%
OPERATING PROFIT	**342,378**	**190,718**	**121,567**	**-44.3%**	**56.9%**
NONOPERATING INCOME	7,568	3,460	34	-54.3%	10076.5%
NET INCOME BEFORE INCOME AND SOCIAL CONTRIBUTION TA	**349,946**	**194,178**	**121,601**	**-44.5%**	**59.7%**
INCOME AND SOCIAL CONTRIBUTION TAXES	(87,366)	(57,883)	(17,610)	-33.7%	228.7%
NET INCOME BEFORE MINORITY INTEREST	**262,580**	**136,295**	**103,991**	**-48.1%**	**31.1%**
MINORITY INTEREST		-	(5,051)	0.0%	0.0%
NET INCOME FOR THE PERIOD	**262,580**	**136,295**	**98,940**	**-48.1%**	**37.8%**
DEPRECIATION / DEPLETION / AMORTIZATION	50,492	54,474	45,789		
EBIT	257,190	169,722	182,816		
EBITDA	307,682	224,196	228,605		
GROSS PROFIT / NET SALES	49.1%	43.0%	40.2%		
EBITDA / NET SALES	43.5%	34.1%	35.1%		
NET DEBT / EBITDA (anualized)	1.38	1.56	1.80		

Cash flow (R$ ’000)

	2004	2003
Cash flows from operating activities		
Net income for the year	602,959	586,518
Adjustements to reconcile net income to cash generated from operating activities		
Depreciation, depletion and amortization	200,430	178,255
Result on sale of property, plant and equipment	(47,560)	(12,520)
Equity interest in subsidiaries and affiliates	286	1,054
Amortization of goodwill	-	41,687
Minority interests	-	24,165
Interest, exchange and monetary varation of noncurrent assets and liabilities	(45,827)	(291,575)
Increase in provisions	40,579	16,276
Deferred income and social contribution taxes	(8,458)	141,661
Changes in assets and liabilities		
(Reduction) Increase in accounts receivable and other receivable	(148,112)	(3,326)
(Reduction) Increase in other current and non-current assets	(39,960)	(132,698)
Increase (reduction) in other current liabilities	(68,781)	59,513
Net cash from operating activities	485,556	609,010
Cash flows from investing activities		
Acquisition of investments	(3,011)	(1,718)
Acquisition of property, plant and equipment	(617,936)	(540,804)
Increase of deferred charges	(248)	(3,975)
Elimination of minority interest	(115,606)	-
Credit from disposal of investments	-	503,287
Loss on disposal of investment	-	(83,330)
Income tax incentive	6,182	-
Receipt from sale of property, plant and equipment	90,091	33,938
Net cash used in investing actitivities	(640,528)	(92,602)
Cash flows from financing activities		
Capital contribution	1,669	150,000
Setup of special good will reserve on downstream merger	108,723	-
Equity increase from elimination of minority interest	115,606	-
Profit on intercompany fixed assets dispolsal non longer eliminated take over	53,862	-
Acquisition of its own shares due to the downstream merger	(1,741)	-
Dividends paid	(178,782)	(126,990)
Loans received	1,638,757	1,428,762
Loans paid to controlling shareholders	-	(653,309)
Payment of loans	(1,803,889)	(1,302,924)
Net cash from financing activities	(65,795)	(504,461)
Effects of exchange rate variation on cash and cash equivalents	(25,464)	(21,558)
Increase (decrease) in cash and cash equivalents	(246,231)	(9,611)
Beginning of year	1,332,451	1,342,062
End of year	1,086,220	1,332,451

Loans and financings **(R$ ’000)**

	Index	Interest	2004	2003
For acquisition of equipament				
BNDES - Finem	TJLP (1) (2)	10.02%	467,487	391,755
BNDES - Finem	Cesta de moedas (1) (2)	10.78%	100,767	62,314
BNDES - Finame	TJLP (1) (2)	9.44%	36,197	41,779
BNDES - Automático	TJLP (1) (2)	9.14%	4,752	5,327
BNDES - Crédito Rural	-	8.75%	3,517	-
Working capital				
Exporting financing	US$	4.74%	1,456,760	2,087,253
Syndicated loan	US$	3.78%	-	220,744
Resolution 63	US$	2.50%	-	70,967
FMO	US$	8.69%	36,001	39,846
Importation financing	US$	2.83%	86,298	46,062
Others	US$	5.50%	10,231	11,768
			2,202,010	2,977,815
Current liabilities			789,680	1,444,468
Noncurrent liabilities			1,412,330	1,533,347
The long-therm portion of loans and financing mature as follows:				
2005			-	629,609
2006			534,643	438,752
2007			308,022	169,709
2008			203,651	104,775
2009			151,811	88,444
2010			98,177	102,058
2011 and forward			116,026	-
			1,412,330	1,533,347

(1) Capitalization of amount by which TJLP (Long-term Interest Rate, published by Brazilian Central Bank) exceeds 6%.
(2) Financing guaranteed by mortgages on plant, rural real estate and forests, and chattel mortgages on the goods financed.

DEBENTURÊS

		Value			Index	Interest	Rescue
Emission	Series	Units	Current	Noncurrent			
3rd	1st	333,000	20,937	322,980	IGP-M	10% *	04/01/2014
3rd	2nd	167,000	3,847	152,404	USD	10.38%	04/01/2014
			24,784	475,384			

* The contractual interest was 8% p.a. The effective interest rate was adjusted considering the premium and discount on the issue price.

On August 23, 2004 the Company completed a R$ 500,000 two-issue debenture, the first series amounting to R$ 333,000 and the second one amounting to R$ 167,000, both falling due in a 10-year period in a sole installment.

The first issue was offered locally and is indexed to IGP-M (consumer market price index) variation plus 8% p.a., and was priced on the basis of the concepts set forth in Brazilian Securities Commission (CVM) Regulation Nº 404, by granting premium and discount on the issue price. Effectively interest defined in this process was equal to 10% p.a. paid semi-annually.

The second serie, not traded on the market, was fully purchased by Banco Votorantim and is indexed to the foreign exchange variation plus 10.38% p.a., paid semi-annually.

Debentures clauses require a determined maximum level of indebtedness and leverage indicators based on the Company's consolidated financial statements. At the end of the year, the Company had not defaulted on any covenants.

This operation was classified under risk level AA – (bra) of "Fitch Atlantic Ratings".