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Special for *O Papel*

Suzano Papel e Celulose makes a positive assessment to the first year of operations of the Imperatriz Unit

Pousada: the mill achieved its nominal capacity during the learning curve period and now seeks to perpetuate, more and more, its production and volume



SUZANO DISCLOSURE

Suzano Papel e Celulose starts out 2015 with its Imperatriz unit, in Maranhão state, producing full blast. With a little over one year of operations, completed in December, the mill has an annual installed capacity of 1.5 million tons and generates 100 MW of excess energy.

Considered one of the most modern pulp lines in the world, the unit received a total investment of US\$3 billion in the industrial area and to build the forest base, catering primarily to the European and North American markets.

In this month's Interview, the company's Chief Operating Officer (COO) Ernesto Pousada provides a retrospect of the learning curve period, reveals facts that marked the months following the mill's start-up and justifies the reasons that make Suzano happy with the initial results obtained.

O Papel – How do you assess the Imperatriz Unit's first year of operations? Over the last months, what facts and achievements marked the learning curve period?

Ernesto Pousada, COO – The result of the unit's first year of operations is extremely positive, since the mill achieved its nominal capacity during the learning curve period and now seeks to perpetuate, more and more, its production and volume. Operating results are also very satisfactory and maintain Suzano in alignment with its strategy of increasing industrial competitiveness in all aspects. The Imperatriz Unit has already provided important gains, particularly in balancing logistics costs and in energy self-sufficiency, allowing us to produce roughly 100 MWh in excess energy.

O Papel – Is this 100 MW excess energy generated by the mill already being made available in its entirety to the energy grid? Does the company intend to increase the current supply in the next months?

Pousada – For this year, the forecast is that the sale of excess energy from the Imperatriz Unit to remain around 70 MWh, since the other 30 MWh are consumed by suppliers installed in the Imperatriz unit.

O Papel – What challenges did you run up against and overcome during the learning curve period?

Pousada – Without a history of industrial activity in the region, one of the biggest challenges for installing the Imperatriz Unit was the contracting of qualified professionals, which required investments in training and skill-building. During the construction phase, Suzano, in partnership with the State Government of Maranhão, the City of Imperatriz, the Union of Civil Construction Workers and of Civil Construction Industries in the Tocantins Region, Senai, Sine, Fiema, the Commercial and Industrial Association of Imperatriz, as well as companies in the region and potential suppliers, implemented a training program called *Capacitar*. The program goal was to promote the training and qualification of people from Imperatriz and surrounding region, boosting employment and the inclusion of these professionals in the labor market to satisfy local demands. The courses were free and, by the end of the mill's construction, more than 5,600 job positions were created and filled. A large part of these professionals was absorbed in the company's industrial and forestry operations. At present, approximately 70% of our employees are from the region and 30% from other locations, whereby our plans for the future include more and more development of professionals from the region so that they can work in our operations.

O Papel – Did the integration and performance of the new workforce satisfy the company's expectations? Was there any type of interaction, exchanging of experiences with other units? How did this process unfold?

Pousada – We counted on recently graduated professionals in the region who were specially trained to work in the new mill and interned in other company units to become familiar with the pulp production process. We also counted on experienced employees that have worked in the market and at other Suzano plants. This mix of professionals, as well as the participation of most of them in commissioning and start-up processes, played a key role in the operation's success.

O Papel – Within this context of initial alignment and pursuit of goals to reach the best production stability possible, did partnering suppliers of the company have any participation? How was this process?

Pousada – Today, the mill is operating at full production, following

the learning curve schedule that is guaranteed in contract with equipment suppliers for 18 months, as of the operation's start-up date. This ensures everyone's involvement for the unit's good functioning and production stability.

O Papel – Was the logistics project schedule executed in accordance with the plant construction schedule? Were the logistics solutions ready when the mill started up?

Pousada – Even though there was a small delay between conclusion of the railroad extension and start-up of mill operations, the schedule was maintained through a contingency plan that established the use of a highway-rail transport mode to the Port of Itaqui. The railroad extension was quickly delivered and rail transport, which constitutes an important competitive advantage for the unit, was implemented by February 2014.

O Papel – What is the *status* of the forestry project that is being developed in the region to satisfy the unit's demand? How much wood is currently being supplied and what does Suzano envision over the next months?

Pousada – The forest base of the Imperatriz Unit is being equated since the beginning of the project. In January of this year, we began planting baby eucalyptus plants at two farms in Pará state, in areas that belonged to the Vale Florestar Program. Roughly 900 hectares were planted at Conquistadora Farm, in the municipality of Ulianópolis, and at Arizona Farm, in Dom Eliseu, where another 220 hectares were already budding, totaling 1,120 hectares of new-planted areas. The planting of this eucalyptus is of major importance for the Imperatriz Unit, considering the goal that approximately 40,000 hectares of plantation will supply it. Of this total, 15 thousand will come from plantations in Pará state. It is important to point out as reference that, in 2008, when the Imperatriz Unit construction was announced, Suzano established a partnership with Vale to ensure the supply of eucalyptus wood between 2014 and 2028, with wood from the Vale Florestar program.

O Papel – Did the economic scenario and other particularities that involve the pulp market impact in any way the mill's operational activities? How did the company adapt in this first year of operations to the seasonal characteristics of the market?

Pousada – There was no impact on operations in the first year. The learning curve kept up with the demand for hardwood kraft pulp, which has demonstrated recovery signs. A few closings of capacities in Europe and United States, coupled with a better-than-expected learning curve than other projects, contributed to a better balance between pulp demand and supply.

O Papel – Is the pulp produced at the Imperatriz Unit being directed to the European and North American markets or during the year was a change made to the company's commercial strategy regarding the destination of this production?

Pousada – As foreseen since the beginning of the project, the pulp produced in Imperatriz is mainly earmarked for the European and North American markets in view of the significant logistics gain obtained, but we also have shipments to Asia. Given the strategic position of the Port of Itaqui (MA), we reduce travel time to these markets by up to four days. ■