

Lower Risk Brazil Means Banner Year for Votorantim

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Brazil's Votorantim Celulose e Papel S.A., one of the largest pulp & paper producers in Latin America, announced January 18 its earnings for the fourth quarter of 2004.

Said the company in a statement: "In the fourth quarter of 2004, global pulp markets began to show signs of recovery, with producers exercising more discipline and Chinese and European buyers resuming their purchases in order to replenish inventories. This permitted VCP to announce an increase in international eucalyptus pulp prices in November.

"The local economic situation remained favorable thanks to the country's political and economic stability, lowering the country's sovereign risk as well as declining exchange rates, thus allowing domestic paper sales to continue to grow in comparison with the same period last year, albeit at a more moderate pace."

Under this scenario, VCP reported a historical record during the quarter in terms of net revenue, with a sharp increase of 30% in export volumes, particularly in pulp exports (+43%). When compared to the third quarter, domestic pulp and paper sales grew 4% in volume (tons), and average prices rose 9%.

2004 was a record year for VCP in terms of earnings, with net revenue growing 24% versus 2003, pushed up by a sharp increase of 39% in pulp volumes, and 8% in paper volumes.

The Company also reported a record EBITDA level of US\$ 414 million, up 22% from 2003. Net income amounted to US\$ 303 million in 2004, the largest annual net income of VCP's history.

"On November 10, VCP announced an agreement with Suzano Papel e Celulose S.A. for a joint acquisition of the common and preferred shares of Ripasa S/A Celulose e Papel held by its majority stockholders," commented Valdir Roque, CFO and IR Director for VCP.

Votorantim Celulose e Papel S/A
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