

## Nova Petroquímica Makes Public the Result of 1<sup>st</sup> Quarter 2008

**São Paulo, May 14, 2008** – Nova Petroquímica, fancy name of the company Suzano Petroquímica S.A., (the “Company”) (BOVESPA: SZPQ4; LATIBEX: XSUPT), Latin American leader in the production of polypropylene and with interests in Rio Polímeros S.A. (Riopol) and interests in Petroquímica União S.A. (PQU), makes public today the results of the first quarter (1Q08).



### Highlights of the Quarter

Following the changes of the oil price in the international market, reaching a level of USD 110/barril for the first time in history, the world petrochemical industry faced increases in the prices of raw materials. The Naphtha and the Natural Gas reached a record price pressing the whole industry during the 1Q08.

In the 1Q08, the Brazilian Market of thermoplastic resins had a growth of 11.53% as regards the 1Q07 in sales volume, highlighting the imports, which increased 54.18% in the period while the internal sales of the Brazilian producers increased only 2.73%. ON the other side, the Brazilian Market of polypropylene increased 4.65% as regards the 1Q07, the internal sales and the imports had very similar increases, 5.4 and 5.6% respectively as regards the 1Q07. In absolute volumes, the imports reached about 41,000 tons, representing a market-share of 13.9%.

In the 1Q08, the sales volume of Nova Petroquímica for the Brazilian market increased 9.5% as regards the 1Q07, much above the average of the PP Brazilian market which was of 5.4%, a reflex of the company's strategy to increase its share in the internal market considering the enlargement of capacity of the Mauá and Duque de Caxias plants ongoing during 2008. Furthermore, the company is endeavoring to enlarge its share in the markets / applications of greater added value, a fact that may be noted in the evolution of the share of copolymers in the sales mix of Nova Petroquímica, and in the development of new applications for the polypropylene (we may give some samples

if necessary). In the 1Q08, Nova Petroquímica was the highlight of the industry as a pioneer in R&D for obtaining propylene from bio-diesel through Glycerin and the highlight of the industry with the unprecedented sponsorship of the Laboratory of Monitoring of Packaging of the ESPM – Higher School of Propaganda and Marketing, aiming to contribute with the educational and capacitating process of professionals for the packaging market, a market which absorbs about 55% of our sales volume.

It must be highlighted further in the 1Q08 the renew of ISO 9001, ISO 14001 and OHSAS 18001 certificates in ALL operations of Nova Petroquímica, and furthermore in the result of the program VERIFICAR of Responsible Action of Abiquim we obtained the classification excellent performance.

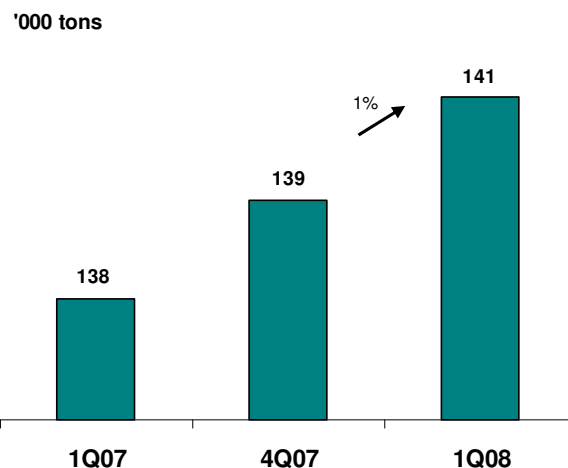
**Special Characteristics of this Result Disclosure:**

As a result of the diminishment in the participation held by Nova Petroquímica in Riopol, the Company decided to discontinue the proportional consolidation of this controlled company jointly starting from December 1, 2007. In view of the above explained, we opt to submit, in the analysis below, only the results of the Controlling Company.

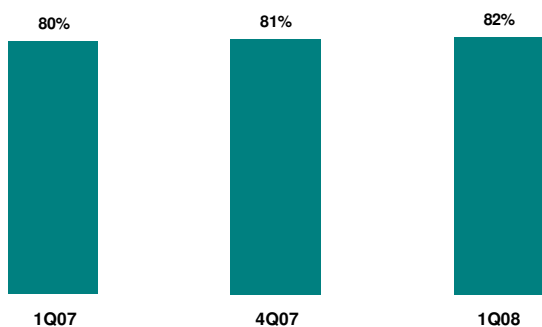
# NOVA PETROQUÍMICA CONTROLLING COMPANY

## Production

The production of polypropylene of Suzano Petroquímica in the 1Q08 was of 140.7 thousand tons, 1.1% greater than the production recorded in the 4Q07, and 2.1% higher than the production recorded in the 1Q07. The use of the installed capacity in the 1Q08 was of 82%.

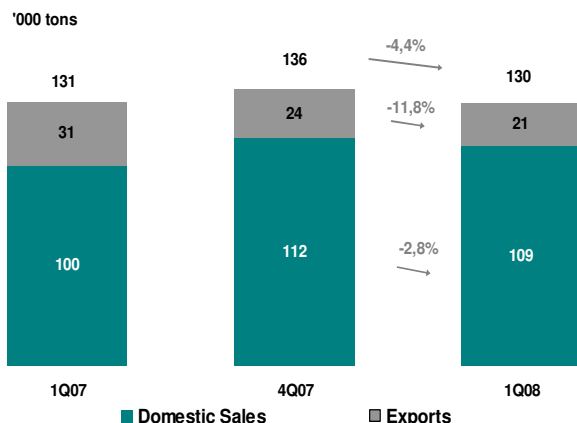


Operating Rate



Despite the production in the 1Q08 had higher figures when comparing to the 1Q07 and 4Q07, we had some unexpected halts for lack of supply of propylene in the Mauá plant and for planned maintenance in the Camaçari plant.

## Sales



The Company's total sales of polypropylene in the 1Q08 totalized 130.6 thousand tons, a volume 4.4% smaller than the one in the 4Q07, as a result of the historical seasonableness of the petrochemical industry and also for unexpected halts for maintenance in our production plants, and in line with the ones recorded in the same quarter last year.

The share of domestic sales in the global

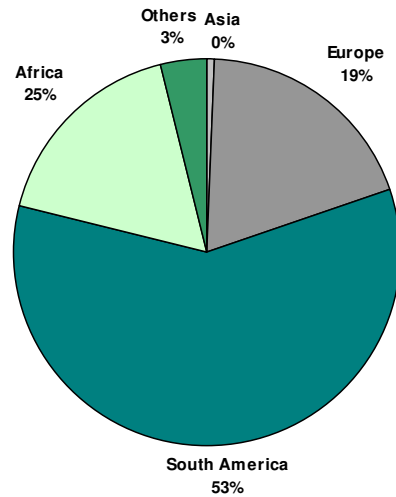
volume sold was of 83%, reinforcing the company's strategy to preferably serve the domestic market, which, on its turn, presents better margin than the exports.

The domestic market sales totaled 109.3 thousand tons in the 1Q08, a volume 2.8% smaller than the one in the 4Q07 and 9.5% higher than the 1Q07.

The industries with higher sales volume this quarter were food and automobile products and consumer goods, which represented 65.3% of the total sales in the domestic market.

The exports in the 1Q08 totaled 21.3 thousand tons, a volume 11.8% smaller than the 4Q07 and 31.9% smaller than the one in the 1Q07, in line with the company's strategy to privilege the internal market, which provides higher profitability.

**Exports Destination (%) 1Q08**



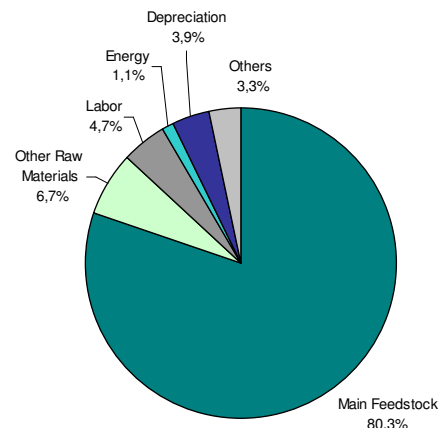
From the total volume of exports in the 1Q08, 59.2% was destined to South America, which presents better margins, while in the 4Q07, from the total exported, 53.2% of the volume was destined to South America.

**Cost of Products Sold**

The Cost of Products Sold (CPV) in the 1Q08 was of R\$389.7 million, 0.8% smaller than the one recorded in the 4Q07 as a result of the decrease in the volume sold. However, as regards the 1Q07, the CPV grew 11.4%, basically for the increase in the propylene cost.

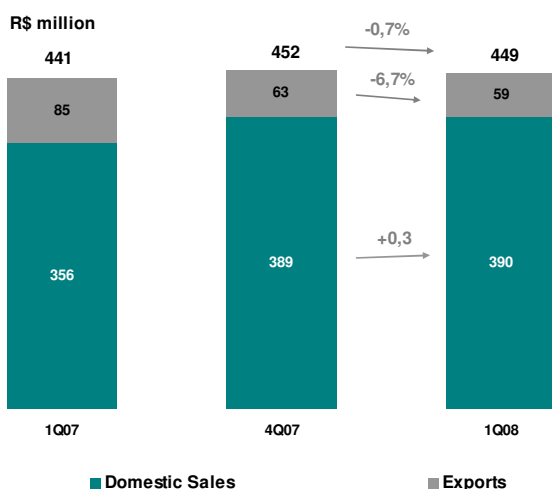
The unit CPV in the 1Q08 was of R\$2,984.3/t, showing a 3.8% increase as regards the 4Q07 as a result, mainly, from the increase in the raw material costs and non-recurring costs of unexpected halts for maintenance in the plants. The propylene represented 80.3% of the total CPV in the 1Q08. As regards the 1Q07, the unit CPV was 11.8% higher.

**Cost of Product Sold 1Q08 (%)**



## Net Operating Revenue

The net operating revenue in the 1Q08 was of R\$448.6 million, representing a slight fall of 0.7% as regards the one assessed in the 4Q07 and an 1.6% increase when comparing to the 1Q07. When comparing to the 4Q07, the company showed an increase in the average price of 3.9% which offset the decrease of volume. And when comparing with the 1Q07, the net operating revenue increase is justified for the increase in the price and a better mix of sales between the internal and external market.



The net revenue resulting from sales to the domestic market this quarter was of R\$390 million, an amount in line with the 4Q07. When comparing to the same period of 2007, the net revenue in the internal market was 9.4% higher.

The net operating revenue resulting from exports in the 1Q08 totalized R\$59 million, 6.7% below the result in the 4Q07 and 30.9% smaller than the same period of 2007.

## Sales, General, and Administrative Expenses (DVGA)

The Sales, General and Administrative expenses (DVGA) totalized R\$40.3 million in the 1Q08, 23.2% smaller than the one recorded in the 4Q07 and 12.0% smaller than the expenses in the 1Q07.

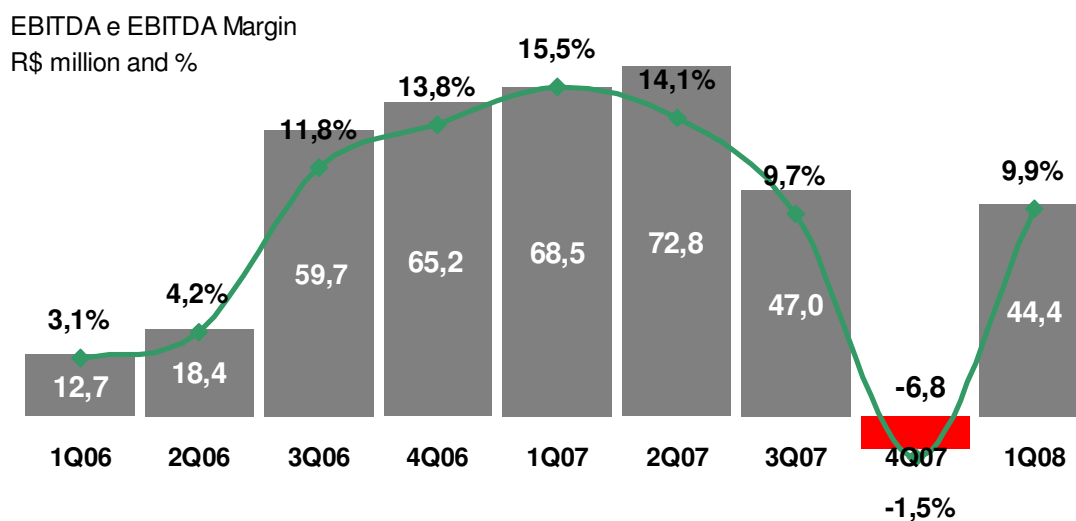
The sales expenses in the 1Q08 were of R\$27.2 million, 14.9% less than the 4Q07 and 22.5% less than the 1Q07, due to decrease in expenses with freight and the provision for doubtful accounts made in the year 2007. The general and administrative expenses in the 1Q08 were of R\$13.1 million, 36.1% less than the ones in the 4Q07 and 22.3% higher than the ones in the 1Q07, a difference mainly caused for non-recurring personal expenses.

## EBITDA

The operating cash generation of the company, measured according to the EBITDA criterion reached R\$44.4 million in the 1Q08, R\$51.2 million higher when compared to the 4Q07 due, basically, to the constitution of a provision for loss in investments in the 4Q07 in jointly controlled companies, on the remaining amount of the equity interests of 9.02% in the capital stock of Rio Polímeros (Riopol) and the significant decrease in the sales, general and administrative expenses, in the amount of R\$12.2 million. And when comparing to the 1Q07, the negative difference of R\$24.1 million results mainly from the decrease in the profitability margin. The EBITDA margin in the quarter was of 9.9%, 16.7 p.p. higher than the margin in the 4Q07 and 5.6 p.p. less than the one recorded in the 1Q07.

According CVM 01/07 follow below the Ebitda conciliation.

EBITDA (R\$ million)	1Q08	4Q07	1Q07
Net Revenue	448.580	451.698	441.385
Cost of Product Sold	(389.691)	(392.783)	(349.775)
<b>Gross Income</b>	<b>58.889</b>	<b>58.915</b>	<b>91.610</b>
Selling Expenses	(27.192)	(31.968)	(35.102)
General and Administrative Expenses	(13.124)	(20.523)	(10.734)
Other Net Operating Revenue (Expenses)	6.636	(33.241)	2.736
<b>Activity Result - EBIT</b>	<b>25.209</b>	<b>(26.817)</b>	<b>48.510</b>
Depreciation and Amortization	19.166	20.067	19.950
<b>Operating Cash Generation - EBITDA</b>	<b>44.375</b>	<b>(6.750)</b>	<b>68.460</b>



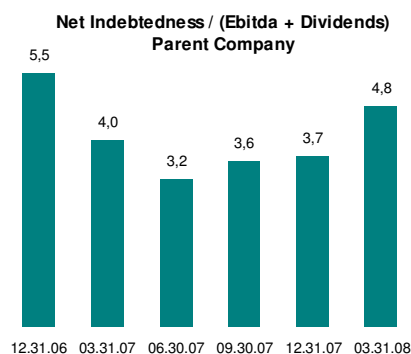
## Financial Result and Indebtedness

In March 31, 2008, the gross indebtedness of Nova Petroquímica (considering principal and interests) totaled R\$1,124.3 million, a 2.9% decrease as regards the R\$1,157.8 recorded in December 31, 2007. The indebtedness remains concentrated in the long term, representing 78.7% of the maturations. The net indebtedness of the company had a 12.0% increase as regards the closure of last year, totalizing R\$752.3 million in March 31, 2008. This difference results from the decrease in the operating cash generation and cash disbursements for investments in CAPEX.

In the 1Q08, the net financial result of the controlling company was R\$0.5 million positive, fundamentally due to (i) appreciation of the Real as regards the Dollar, generating a positive exchange variance on the indebtedness in foreign currency and (ii) the increase in the financial revenue resulting from the average balance of financial investments in the 1Q08. The share of the financial expenses corresponding to interests on the debt totaled R\$18.8 million, forming the financial result according to the chart below:

<b>Financial Results (R\$ million)</b>	<b>1Q08</b>	<b>4Q07</b>	<b>1Q07</b>
<b>Financial Expenses</b>	<b>(9,5)</b>	<b>4,1</b>	<b>5,1</b>
Interest (ACC/ Empréstimos)	(18,7)	(22,3)	(27,9)
R\$ Devaluation	10,2	30,0	35,9
Banks Expenses/ CPMF/ IOF	(0,5)	(3,1)	(1,4)
Others	(0,5)	(0,5)	(1,5)
<b>Financial income</b>	<b>10,0</b>	<b>0,5</b>	<b>4,3</b>
Interest Income	11,5	5,6	4,4
R\$ Devaluation	(1,5)	(5,1)	(0,1)
<b>Net Financial Results</b>	<b>0,5</b>	<b>4,6</b>	<b>9,4</b>

## Net Indebtedness / (EBITDA + Dividends)



The Net Indebtedness / (Ebitda + Dividends) ratio of the controlling company ended the quarter at 4.8x, 30% higher than the same ration in the closure of 2007 and 20% higher than the one recorded in the same quarter last year. This variance was due mainly for the 12.0% increase in the net debt and for the impact of the EBITDA recorded in the 4Q07.



## **Net Income**

The net income recorded in the 1Q08 was of R\$11.3 million, showing a positive variance of R\$50.9 million as regards the 4Q07 and a negative variance of R\$43.3 million when comparing to the 1Q07. The result of the 1Q08 was influenced by the variable costs increase, mainly the propylene's, and in comparison with the previous quarter the variance was due mainly for the constitution of provision for losses in investments in jointly controlled companies in the 4Q07, related to the equity interests of Riopol, in the amount of R\$113.7 million (R\$30.8 million recorded as operating expenses and R\$82.9 million recorded as non-operating expenses).

## **Investments**

The investments of the Company in the 1Q08 were of R\$36.5 million, 87.8% of which were applied in the projects for expanding the polypropylene production capacity, and the remaining to the maintenance of the production equipment.

The Company is enlarging the production capacity of its Mauá and Duque de Caxias plants, and had also invested in the construction of a sea terminal for receiving propylene in Duque de Caxias, with the start of operations foreseen for the 2Q08.

The time schedule for start of operation of the new capacities sets forth the following stages: (1) expansion of the polypropylene production capacity of the Duque de Caxias (State of Rio de Janeiro) plant in 100 thousand tons/year in the 2Q08; (2) second phase of enlargement of the polypropylene production capacity of the Mauá (State of São Paulo) plant, which shall add 90 thousand tons/year, foreseen for the end of the 3Q08. Therefore, Nova Petroquímica will reach a total polypropylene production capacity of 875 thousand tons/year.

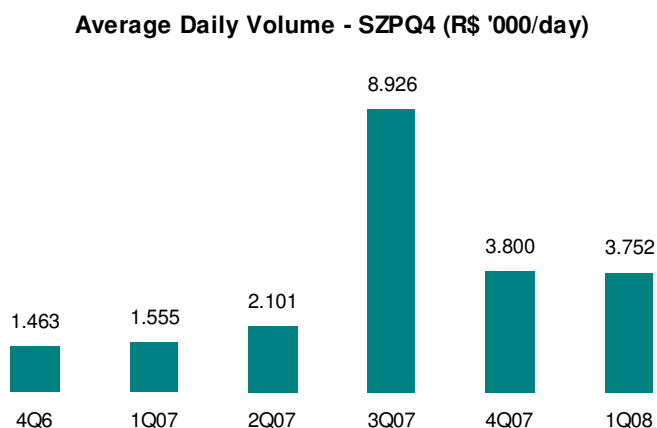
## **Controlled Companies Participation**

The participation result in Controlled Companies in 1Q08 was R\$2,4million, deriving from the gain of ownership equivalency at Rio Polimeros (Riopol). This result compared to the 4Q07 reflects a reduction of R\$42,2 million basically according to the exchange positive rate impact in 4Q07. However, compared to 1Q07 the reduction of R\$26,3mm is the results of investments alienation in 2007 added to the exchange rate impact.

## **Capital Market**

The preferred share of the Company closed the first quarter this year priced R\$10.62, showing an appreciation of 5.46% as regards the closing value in the year 2007. The Company's share reached this level due to the acquisition of the equity control by Petrobras completed in November 30, 2007. Petrobras will present, through Dapean Participações S.A., the Company that currently directly controls Suzano Petroquímica, a public offer ("OPA") for acquisition of the common and preferred shares issued by the Company held by its shareholders. The amount paid to the controlling shareholders was of R\$13.26 per common share, guaranteeing the amount of R\$10.61 for the preferred shares.

The daily average financial volume of the preferred share in the 1Q08 was of R\$3.8 million, similar to the one recorded in the previous quarter. The Company is linked to the arbitration of the Arbitration Chamber of the market, according to Arbitration Clause included in its Bylaws.



## **Social and Environmental Responsibility for the Sustainable Development**

In the period from March 26 to April 4, an audit was carried out for the renew of certification by the Integrated Management System of Health, Safety, Environment and Quality by the certification company SGS in all facilities of the company. The audit confirmed the certification according to ISO 9001, ISO 14001 and OHSAS 18001 standards.

At the same time, a verification of the Responsible Action Program was carried out, of which took part representatives of the communities surrounding the plants, companies associates of ABIQUIM, besides the auditor of the certifying company. The process was attended by ABIQUIM and concluded for the adhesion of the company's practices to the directives of Responsible Action.

A turnaround for maintenance was also carried out in the Camaçari plant in the month of March successfully and with no record of accidents.

In the year 2007, the Program of Local Productive Arrangements (APL) of Plastic of the Great ABC was launched, a Project developed jointly with IFC-World Bank, FIESP, Agency for Development of the Great ABC (representing the seven cities included in the Project), and SEBRAE, and, which counts with the inestimable support of the local Governments, such as City Administrations, other Companies of the Petrochemical Pole of Capuava, Teaching Institutions, Trade Unions, among others. The project has as primary object the increase of the competitiveness and the growth of the micro, small and medium size plastic transformation industry in the region, aiming to the economic and social development of the Great ABC.

In view of the expressive progress of closure of the diagnosis of the companies, in 2008, we started to individually and systemically present the results to the businessmen, with the participation, at the same time, of all the Consultancies involved. Furthermore in this quarter, the process of realization of the respective Consultancies began, starting from the diagnosis carried out. Action plans shall be carried out promptly, and the strategic planning per company shall be prepared in the second half of the year.

Concomitantly to these actions, a census survey of the industry in the region was contracted and had already started.

The model of management and direction of the APL-ABC had nationwide repercussion given the results achieved in short term, and caused consultations from representatives of other states so as to use the model of execution of the APL in their respective regions.

## **Annexes**

1. Balance Sheets – Controlling company
2. Statement of Result – Controlling company

## ANNEX 1 – BALANCE SHEET – PARENT COMPANY

### Suzano Petroquímica - Parent Company Balance Sheet

R\$ 000

	03/31/2008	12/31/2007
Cash and cash equivalents	340.263	455.434
Other current assets	772.368	732.868
Long-term assets	272.116	274.956
Other permanent assets	501.035	515.437
Property, plant and equipment	565.168	546.707
<b>Total Assets</b>	<b>2.450.950</b>	<b>2.525.403</b>
Suppliers	145.335	174.013
Short-term loans	239.262	252.524
Other short-term liabilities	100.323	123.519
Long-term loans	885.005	905.279
Other long-term liabilities	9.356	9.438
Future Periods Results	16.777	17.676
Shareholders' equity	1.054.892	1.042.953
<b>Total liabilities</b>	<b>2.450.950</b>	<b>2.525.403</b>

## ANNEX 2 – STATEMENT OF RESULTS – PARENT COMPANY

### Suzano Petroquímica - Parent Company Income Statement

R\$ '000

	1Q08	1Q07
Gross Revenues	599.387	571.921
Gross Revenues Deductions	(150.807)	(130.536)
<b>Net Revenues</b>	<b>448.580</b>	<b>441.385</b>
Cost of Goods Sold	(389.691)	(349.775)
<b>Gross Income</b>	<b>58.889</b>	<b>91.610</b>
<i>Gross Margin</i>	<i>13,1%</i>	<i>20,8%</i>
Selling Expenses	(27.192)	(35.102)
General and Administrative Expenses	(13.124)	(10.734)
Other Net Operating Revenue (Expenses)	6.636	2.736
<b>Activity Result</b>	<b>25.209</b>	<b>48.510</b>
<i>Activity Margin</i>	<i>5,6%</i>	<i>11,0%</i>
Net Financial Revenues (Expenses)	536	9.400
Financial Revenues	10.054	4.315
Financial Expenses	(9.518)	5.085
Equity Results	2.388	28.701
Goodwill Amortization	(10.953)	(13.545)
Net non-Operating Revenues (Expenses)	(707)	(4.847)
<b>Income Before Income Tax and Social Contributi</b>	<b>16.473</b>	<b>68.219</b>
Income Tax and Social Contribution	(5.196)	(13.620)
Minority Interest	-	-
<b>Net Income/Loss for the Year</b>	<b>11.277</b>	<b>54.599</b>
EBITDA	44.375	68.461
<i>EBITDA Margin</i>	<i>9,9%</i>	<i>15,5%</i>