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Suzano **at a glance**

Suzano produces short fiber pulp (BHKP) and paper



Resilient sector

Money doesn't grow in trees? Actually, it does!





INVESTMENT THESIS



0

Resilient sector with a great outlook

Optimal geographical location



Unparalleled asset base



Outstanding capital allocation



INVESTMENT THESIS



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Resilient sector with a great outlook

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Tissue supports a resilient and growing demand



Low cost capacity increases to supply the growing demand



Low cost capacity increases to supply the growing demand



Low cost capacity increases to supply the growing demand



Even so, we are positive on pulp prices



Market producers took losses at low prices



Chinese integrated players can become market buyers





Chinese integrated players can become market buyers





Valuation

Resilient sector

Optimal location

Unrivaled scale

Capital allocation

Financials

Both players create a **floor to prices**

When pulp prices fall, both adjusting mechanisms are activated to push them back



In the long-term, growing demand will **require new projects**

Even with the difficult short-term perspectives, we see the growing demand pushing for higher prices



New projects require higher prices



Resilient sector

Optimal location

Unrivaled scale

Financials



INVESTMENT THESIS

Resilient sector with a great outlook

Optimal geographical location

Unparalleled asset base

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Outstanding capital allocation

Why are the new projects in South America? It's all about costs



Valuation

Resilient sector

We did a **geospacial analysis** to look for favorable characteristics

South America, Subsaarian Africa and Southeast Asia concentrate the optimal areas



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Africa does not look good...

Several factors make pulp production impracticable



...while Southeast Asia faces environmental challenges

After deforestation backlash, Asian pulp giants pursue FSC approval



Latin America is the best place to be

Latam enjoys a solid background...

...and is the hotspot for new BHKP projects

Mato Grosso do Sul native forests and mills names (startup)



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Capital allocation



INVESTMENT THESIS

Resilient sector with a great outlook

Optimal geographical location

Unparalleled asset base

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Outstanding capital allocation

From the **union of titans**, a pulp leader arises

The merger with Fibria elevated Suzano to an unrivaled position in the global pulp and paper industry



as of 2022

Resilient sector

Valuation

Suzano's edaphoclimatic expertise leads to high productivity...

Over the years, Suzano has developed clones that are well-suited to Brazil's unique soil and climatic conditions



Suzano's forests leads in productivity against all global pulp competitors, including South American peers

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Unrivaled scale

...minimizing forest-to-mill logistic costs



Unrivaled scale



*The structural radius of Cerrado is forecasted to be acheived in 2031

As recent investments mature, **further radius reductions** will come

Suzano has got area to supply its wood demand...



Unrivaled scale

...before agro competition hiked up prices



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Resilient sector

As recent investments mature, further radius reductions will come



...before agro competition hiked up prices Average land prices (BRL th/ha) 26.7 CAGR 2018-2023 22.8 19.98% 17.1 15.0 12.1 11.2 2018 2019 2020 2021 2022 2023

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Source: Companies, Team 3

Resilient sector

Valuation

The result of all this cost advantages? Lower costs than its peers



ESG-linked bonds: when sustainability meets financial health

These issuances align Suzano with tangible ESG targets... ...while guaranteeing a lower debt cost Players' debt cost (% p.a.) as of 3Q23, in USD terms 3.1 % p.a. Additional cost in the absence of ESG bonds suzano **ESG goals** Average = 6.0% 1.2% 8.9% Water disposal reduction – 2028/2032 SLBs 6.1% 6.2% 5.5% More woman in leadership roles – 2028/2032 SLBs 5.0% 4.7% Reduction of GHG emissions - 2031 SLB CO, CMPC Suzano Klabin Eldorado Ence Arauco

Environmental: great outlook for Suzano's carbon credits

Regulatory advances and recent investments make us optimistic for the future





Social: positive-looking labor relations



...and it has been working on female representation



...but the Veracel conflict remains a liability

Valuation



Governance: long-lasting **ownership mentality**



Governance: **high standards** as a primary goal





INVESTMENT THESIS

Resilient sector with a great outlook

Optimal geographical location

Unparalleled asset base



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Outstanding capital allocation

Top management execution is mirrored in successful projects

Market projects show the company's superior leadership

ership This steams from company's key staff's excellent execution

Total delay time (days) and capex difference from initial estimate (%)

Project	Total delay time	Capex difference
Fibria Horizonte 2	-60	-23%
Cerrado Project	-30	27%
Paso de Los Toros	182	29%
APP Sumatra	397	0%
Montes del Plata	457	32%
MAPA	671	23%

Unrivaled scale



COO who led Fibria during the project development?

Aires Galhardo, Suzano's Executive Officer in pulp operations

Optimal location

Cerrado Project: a transformational venture

With a lower average radius, the Cerrado Project emerges as the world's most competitive mill




Cerrado Project: a transformational venture

With a lower average radius, the Cerrado Project emerges as the world's most competitive mill



Cerrado Project will increase Suzano's pulp capacity by **23%**



Even compared to similar projects, Cerrado stands out

At the same time as the Cerrado Project was being built, two other major projects were developed in Latam...

IRR (USD nominal terms)



Among the latest market entrants, Suzano's financial returns are unrivaled!

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Optimal location Unrivaled scale

Even compared to similar projects, Cerrado stands out

At the same time as the Cerrado Project was being built, two other major projects were developed in Latam...

IRR in USD and nominal terms



Is there space for new pulp projects after 2028?



Among the latest market entrants, Suzano's financial returns are unrivaled!

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We examined land availability to see if it's really limited

Known as 'Vale da Celulose', Mato Grosso do Sul stands out as the prime location for upcoming projects

Rural properties delimitation, using INCRA data



We have mapped every registered rural property in Mato Grosso do Sul



Planting in the Pantanal? You'd have **better luck fishing!**

We excluded areas of the Pantanal as they are not suitable for eucalyptus plantation due to their flooded soils



Competing for wood is not a good idea either

Constructing near another mill would lead to a surge in both land and leasing prices



Resilient sector

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Quality soils are destined to crops

Areas suitable for short-cycle crops are considerably more expensive

Short cycle crops farms, using IBGE data



We concluded that land scarcity is not a concern

Even considering a large influence radius for the new projects, we still see plenty available area





Valuation

FINANCIALS & VALUATION

Revenue build-up: Paper



Revenue build-up: Pulp

BHKP price fluctuates around a long-term average, which is in-line with the incentive price



Valuation

Resilient sector

Optimal location

Unrivaled scale

Capital allocation

Financials

Revenue build-up: Pulp

However, we project a lower short-term price due to coming supply additions



Revenue build-up: Pulp

After Cerrado's ramp-up and BHKP's stabilization, Suzano's pulp revenue growth should stabilize

Pulp revenue and market share evolution (BRL bn, %)



Valuation

Resilient sector

Margins: pulp's **decreasing cash costs** driving margin increases



Resilient sector

Optimal location

Unrivaled scale

Capital allocation

Financials

Valuation

Margins: a **blend of factors** driving profitability

By breaking down margin gains, we see that most of it comes from lowering cash costs

Breakdown of the 7% EBITDA margin improvement from 2023 to 2032



Resilient sector

Capex: expansion coming to an end



Valuation

Resilient sector

Optimal location

Unrivaled scale

Capital allocation

Financials

Tax benefits: **SUDAN/SUDENE** taking the role of transfer prices



Optimal location Unrivaled scale

Valuation

Tax benefits: **SUDAN/SUDENE** taking the role of transfer prices



Resilient sector Optimal lo

Valuation

DCF: FCFF leads to a **33% upside** \mathcal{D}



Target price breakdown (BRL)





WACC build-up:

Scenario analysis \mathcal{D}

The variables selected were those that most significantly impact valuation and are beyond Suzano's control

In BRL/share



Taking a closer look at USD and BHKP prices



Multiples: more **signs of mispricing**

...and is discounted relative to historical numbers Comparing with its peers, Suzano seems unfairly priced... 2y Fwd EV/EBITDA vs 23-25 EBITDA CAGR Companies' EV/EBITDA Fwd discount vs historical avg. (%) Suzano (adjusted) ■Klabin ■Suzano ■CMPC 8.5 International Paper UPM 8.0 23% 7.5 7.0 EV/EBITDA 25E COPEC Klabin storaenso 6.5 irani)) 6.0 5.5 8% suzano cmpc 5.0 4.5 3% 2% 4.0 0% 10% 20% 30% Klabin Suzano CMPC Suzano EBITDA CAGR 23-25 (adjusted)

Valuation

Resilient sector

Optimal location

Unrivaled scale

Capital allocation

Financials

What are the main risks for our thesis?

As a consolidated commodity exporter, the main risks are related to pulp prices and foreign exchange



Resilient sector

Capital allocation

SUMMARY OVERVIEW

Great sector outlook

Tissue growing demand on emerging countries

Integrated players price floor

High incentive price for new projects

Geographical location

Low production costs

Impediments on other regions

Mato grosso do Sul favorable conditions

Unique asset base

Advantages due to high scale

High margins compared to peers

Outstanding ESG practices

Capital allocation

Management expertise in project execution

Land costs at higher levels than before

Land availability in Mato Grosso do Sul



Presentation index

At a glance

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- 4. <u>Historical EBITDA/ton</u>

Cost of Debt (Kd)

<u>Macro scenario</u>

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8. Climate change

9. Hold or sell

10. Trigger

7. Unplanned downtimes

Stock vs BHKP price

Brazilian Real appreciation

4. Prices decline due to supply

Rise in raw materials costs

Prices decline due to demand

5. <u>Comparable companies</u>

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. <u>DCF – FCFF and WACC x g</u>

Marginal cost vs LT BHKP Sensitivity

2. <u>IRR approach</u> 3. WACC and g

6. Monte Carlo

<u>Beta</u>

How does BHKP **differentiate** from BSKP?

The two main types of chemical Pulp differentiate themselves mainly in sources, resistence and softness

Main differences between BHKP and BSKP and its uses



Market BHKP demand splits differently among four groups

The demand for BHKP became concentrated in tissue, which is now its main driver

Market BHKP and other fibers demand (Mtons/year)



Tissue segment faces opportunities in emerging countries

In cities with disposable income, hygiene is a basic item, which increases tissue consumption

Tissue per capita consumption (kg)



Appendix

Tissue demand calculation

We used a top-down approach to BHKP demand...



... arriving at a sustainable growth

Tissue BHKP demand (Mtons)



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Appendix

P&W and Packaging in different moments



Appendix

Improving technology to break in new markets



PROJECTS WITH SCALE ALREADY BEING IMPLEMENTED

2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021

Appendix

The **result**? A **growing demand** for BHKP

By our projections, tissue growth will more than compensate for printing and writing decline

Market BHKP demand by segment (Mtons)

■ Tissue ■ Printing and Writing ■ Packaging ■ Specialties



Tissue BHKP demand output

Demand	2021	2022	2023	2024	2025	2026	2027	2028
Tissue								
China	10,700	10,968	11,242	11,523	11,811	12,106	12,409	12,719
Japan	1,800	1,836	1,873	1,910	1,948	1,987	2,027	2,068
India	157	173	418	664	909	1,155	1,400	1,400
Asia ex-China/Japan/India	4,350	4,568	4,796	5,036	5,287	5,552	5,829	6,121
RoW	800	816	832	849	866	883	901	919
North America	9,000	9,072	9,145	9,218	9,291	9,366	9,441	9,516
Europe	9,000	9,000	9,000	9,000	9,000	9,000	9,000	9,000
LATAM	4,200	4,300	4,400	4,600	4,700	4,800	5,000	5,100
Total	40,007	40,732	41,706	42,799	43,813	44,849	46,007	46,843
YoY Growth		1.8%	3.4%	3.4%	3.4%	3.3%	3.3%	2.8%
BHKP as % of tissue	47.0%	48.0%	49.0%	50.0%	51.0%	52.0%	53.0%	54.0%
% increase(decrease)		1.0%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
Total BHKP	18,803	19,551	20,436	21,400	22,345	23,321	24,384	25,295
Market % of BHKP	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%
Market BHKP	16,750	17,416	18,204	19,063	19,905	20,775	21,721	22,533
YoY Growth		4.0%	4.5%	4.7%	4.4%	4.4%	4.6%	3.7%

2 Supply outlook

Supply	Cost 2022	2021	2022	2023	2024	2025	2026	2027	2028
Brazil	410 - 387	18,230	19,130	20,648	21,698	22,173	22,048	22,048	22,048
Chile/Uruguay	453 - 414	5,031	4,741	8,401	8,401	8,401	8,401	8,401	8,401
Indonesia	342	4,502	4,502	4,502	4,502	4,502	4,502	4,502	4,502
Other Asia	410	500	500	500	500	500	500	500	500
Iberia	528	2,600	2,520	2,440	2,360	2,280	2,200	2,120	2,040
West Europe	559	2,000	1,900	1,800	1,700	1,600	1,500	1,400	1,300
China	611	1,900	1,900	1,900	1,900	1,900	1,900	1,900	1,900
Canada	548	1,100	1,050	1,000	950	900	850	800	750
East Europe	461	3,300	3,300	3,300	3,300	3,300	3,300	3,300	3,300
US	658	900	710	710	710	710	710	710	710
Japan	658	600	600	600	600	600	600	600	600
Total		40,663	41,253	45,276	46,241	47,281	46,721	46,281	46,051
Disruptions		307	0	865	865	865	865	865	865
Actual Capacity		40,356	41,253	44,411	45,376	46,416	45,856	45,416	45,186
Capacity utilization rate		90%	90%	84%	85%	86%	90%	93%	96%
Utilization rate after disruptior	าร	90%	90%	86%	87%	88%	91%	95%	98%

Appendix
BHKP **productivity** reflects in **better prices**



Why lower paper capacity utilization doesn't worry us?

Low utilization doesn't necessary mean less demand, it can be the case where the capacity just grew a lot



Appendix

Chinese integrated producers depend on imported woodchips



Sources: Tissue world, Sun paper IR

How did we calculate integrated cost?

With the historic woodchip price and bringing other costs back with inflation, we calculated the series



How did we calculate different country costs?

Depending on the country	to arrive at the cost division								
		USD/ton							
		Cost division	Suzano	US	China	Finland	Indonesia		
Brazil (Suzano)	We chose a company as the ambassador for the	Wood	140.0	265.5	450.5	307.1	167.7		
Indonesia (APP) China (Sun Paper)	country and used 2022 financials	Freight	87.0	75.0	14.1	70.9	57.5		
		Chemicals	73.6	82.5	45.8	63.0	42.1		
		Labour	31.6	83.7	21.1	39.4	21.7		
		Maintenance	26.3	53.7	25.8	27.6	23.8		
US	We used Hawkins Wright data for when they were	Energy	(7.4)	35.8	18.8	3.9	17.3		
Finland	the marginal cost and kept the proportions	Other costs	31.7	49.6	27.8	39.4	14.2		
		Sales	9.0	12.1	6.2	7.9	10.0		
		Total	391.9	658.0	610.0	559.0	354.4		

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Average daily **radiation** map



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Average daily **radiation**: 15,000-18,000 kJ/m²/day



Appendix

Annual **pluviosity** map



Appendix

Annual **pluviosity**: more than 600 mm



Appendix

Average **temperature** in the **coldest** month



Appendix

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Average **temperature** in the **coldest** month: above 10°C



Appendix

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Favorable **biomes** for eucalyptus spp.

Optimal habitats for Eucalyptus species characterized by nutrient-rich, moderately moist soils



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Our conclusion: limited top-performing Eucalyptus spp areas

The intersection of the four criteria reveals optimal areas in South America, Southeast Asia, and Central Africa



Appendix

Wood and land assets calculations

Capacity		2022
Imperatriz	[mn ton]	1.76
Aracruz	[mn ton]	2.34
Mucuri	[mn ton]	2.24
SP	[mn ton]	2.31
Mato grosso do sul	[mn ton]	5.8
Total	[mn ton]	14.45

AAI (Annual Average Increment)		2022
Imperatriz	[m³/ha]	33.2
Aracruz	[m³/ha]	35.22
Mucuri	[m³/ha]	37.4
SP	[m³/ha]	45
Mato grosso do sul	[m³/ha]	31

Wood for 1 ton	[m³/ton]	4
Total wood supply		2022
Imperatriz	[mn m³]	7.04
Aracruz	[mn m³]	9.36
Mucuri	[mn m³]	8.96
SP	[mn m³]	9.24
Mato grosso do sul	[mn m³]	23.20
Total	[mn m³]	57.80

Total Ha		2022
Imperatriz	[mn ha]	212
Aracruz	[mn ha]	266
Mucuri	[mn ha]	240
SP	[mn ha]	205
Mato grosso do sul	[mn ha]	748
Total	[mn ha]	1,671

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Three-year productive area			Area available for cultivation					
Required area	[ha]	1,671,099	Required area	[ha]	1,671,099			
Own area	[th ha]	1,097,081	Own area	[ha]	1,475,529			
Third party area	[ha]	574,018	Third party area	[ha]	195,570			
Own wood supply rate	[%]	66%	Own wood supply rate	[%]	88%			
Third party wood supply rate	[%]	34%	Third party wood supply rate	[%]	12%			

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Why use 4 as the wood conversion into 1 ton of pulp?

Condições ideais para o consumo específico de madeira na produção de celulose

Francisco de Assis Bertini Moraes^a, Claudio Luis Piratelli^b*, Jorge Alberto Achcar^c ^afrancisco.bertini@ipaperbr.com, UNIARA, Brasil ^b*clpiratelli@uniara.com.br, UNIARA, Brasil ^cachcar@fmrp.usp.br, UNIARA, FMRP/USP, Brasil Paper from 2024, exposing a **statistical modeling for data on specific wood consumption (CEM)** of a cellulose and paper industry

Variable	Unit	Average	Standard deviation	Minimum	Maximum
Specific wood consumption (CEM)	m³/ t.pulp	4,05	0,22	3,68	4,56



Celso Foelkel Former professor at USP and ex-director at ABTCP

"... to manufacture a ton of pulp we will need **1,876 absolutely dry tons of** wood or **3.75 m³**."

Great value of the company's forest landbank

Suzano's forestry units		Land values
Aracuz	[th BRL]	9,416
Imperatriz	[th BRL]	3,867
Mato Grosso do Sul	[th BRL]	19,675
São Paulo e Minas	[th BRL]	11,786
Mucuri	[th BRL]	6,105
		50,849
Target enterprise value	[th BRL]	146,211
Current enterprise value	[th BRL]	125,630
Land value	[th BRL]	50,849
Land value / target EV	[%]	35%

We map the **company's area in each state!**

Atlas do Mercado de $\leftarrow \uparrow \rightarrow$ Terras Dados, valores e tendências do mercado de terras rurais



We used land prices by microregion of each state from the **latest Incra survey**

Wood supply for other companies

	Capacity	Conversion	Total wood	AAI	Ha required	Own ha
	[mntons]	[tons/m ³]	[mn m³]	[m³/ha]	[th ha]	[th ha]
СМРС	4.4	4	38.5	31	1243	918
UPM ¹	3.4	4	13.6	22	618	318
Arauco	5.235	4	28.0	22	1274	823

Arauco			СМРС		
Panels	[th m³]	3370	Panels	[th m³]	19456
Wood	[th m³]	3731	Wood	[th m³]	1520
Total	[th m³]	7101	Total	[th m³]	20976

Referring to businesses in the same countries where the land bank is located, were added to the total wood required

¹ For UPM, only Uruguay operations were considered





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There's no way not to follow the boss, right?



Forest-to-mill freight per ton

Our calculations indicates that **forest-to-mill freight** comprises roughly **half** of Suzano's **wood cash cost**

Premises		Unit	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
For 65 km		[BRL/(ton.km)]	0.49	0.4786	0.4794	0.4789	0.4796	0.4824	0.4874	0.4973	0.5060	0.5148	0.5148
For 96 km		[BRL/(ton.km)]	0.43	0.4159	0.4165	0.4161	0.4167	0.4191	0.4235	0.4321	0.4396	0.4473	0.4473
For 203 km		[BRL/(ton.km)]	0.35	0.3465	0.3471	0.3467	0.3472	0.3492	0.3529	0.3600	0.3663	0.3727	0.3727
Volume of eucalyptus p	er ton of pulp	[m³/ton pulp]	3.50										
Eucalyptus average der humidity)	nsity (30%	[ton wood/m ³]	0.72										
Mass of wood necessary produced	y for pulp	[ton wood/ton pulp]	2.52										
Forest-to-Mill freight	per ton	Unit	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Mill	Average radius (km)												
Ribas do Rio Pardo-MS Initial	203*	[BRL/ton]	181	177	178	177	178	179	181	184	187	191	191
Ribas do Rio Pardo-MS Structural	65	[BRL/ton]	80	78	79	78	79	79	80	81	83	84	84
3 lagoas-MS	96	[BRL/ton]	103	101	101	101	101	101	102	105	106	108	108
Imperatriz-MA	181	[BRL/ton]	162	158	158	158	158	159	161	164	167	170	170
Mucuri-BA	168	[BRL/ton]	150	147	147	147	147	148	149	152	155	158	158
Aracruz-ES	203*	[BRL/ton]	181	177	178	177	178	179	181	184	187	191	191
Jacareí-SP	203*	[BRL/ton]	181	177	178	177	178	179	181	184	187	191	191
Veracel (Eunápolis-BA)	203*	[BRL/ton]	181	177	178	177	178	179	181	184	187	191	191
Limeira-SP	212	[BRL/ton]	189	185	185	185	186	187	189	192	196	199	199
Suzano-SP	212	[BRL/ton]	189	185	185	185	186	187	189	192	196	199	199

*Due to the lack of disclosure, the company's average radius was employed for this mills

Total ex-Cerrado forest-to-mill freight projections

Forest-to-Mill total freight	Unit	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Mill											
3 lagoas-MS	[BRL th]	318,057	318,552	318,233	318,714	320,537	323,876	330,449	336,232	342,116	342,116
Imperatriz-MA	[BRL th]	244,455	244,835	244,590	244,960	246,361	248,928	253,979	258,424	262,946	262,946
Mucuri-BA	[BRL th]	255,201	255,597	255,341	255,727	257,190	259,870	265,143	269,783	274,504	274,504
Aracruz-ES	[BRL th]	560,407	561,277	560,716	561,563	564,775	570,660	582,240	592,429	602,797	602,797
Jacareí-SP	[BRL th]	189,676	189,971	189,781	190,067	191,155	193,146	197,066	200,515	204,024	204,024
Veracel (Eunápolis-BA)	[BRL th]	96,562	96,712	96,616	96,762	97,315	98,329	100,324	102,080	103,867	103,867
Limeira-SP	[BRL th]	72,031	72,143	72,071	72,180	72,593	73,349	74,837	76,147	77,480	77,480
Suzano-SP	[BRL th]	30,613	30,661	30,630	30,676	30,852	31,173	31,806	32,362	32,929	32,929

Premises:

- Average freight cost per ton per kilometer by ANTT
- Average radius provided by the company
- Production projection of the model

Each km reduction in average radius

Conclusion:

Savings of BRL 11 million in freight per year*

How did we calculate minimum to profit?

♦ Key Assumptions

Costs/ton = (Revenues-EBITDA)/production

Adjusted BSKP for the average ratio

Maintence CAPEX from explanatory notes

Minimum to profit

	Unit	ΑΡΡ	Suzano I	Eldorado	СМРС	Arauco	Sun Paper	ENCE
EBITDA	[USD mn]	969	4,864	884	1,402	1,196	86	138
EBITDA Margin	[%]	60.2%	60.6%	60.5%	44.6%	39.8%	17.2%	19.3%
Net Revenues	[USD mn]	1,609	8,020	1,461	3,144	3,004	500	713
Production	[ktons]	2,356	10,600	1,832	4,036	3,175	700	816
Average Price	[USD/ton]	682.8	756.6	797.4	779.0	946.3	713.8	873.3
EBITDA/ton	[USD/ton]	411.1	458.9	482.7	347.4	376.7	122.9	168.7
Costs/ton	[USD/ton]	(271.7)	(297.7)	(314.7)	(431.6)	(569.6)	(591.0)	(704.6)
Costs BHKP/ton	[USD/ton]	(271.7)	(297.7)	(314.7)	(402.2)	(470.6)	(591.0)	(704.6)
Maintence Capex	[USD mn]	(195.0)	(195.0)	(195.0)	(195.0)	(195.0)	(195.0)	(195.0)
Capex/ton	[USD/ton]	(82.8)	(18.4)	(106.4)	(48.3)	(61.4)	(278.6)	(238.9)
(Costs + Capex)/tor	l [USD/ton]	(354.5)	(390.4)	(421.2)	(450.6)	(532.0)	(869.5)	(977.5)

ESG own index

Indicator	Weight	Suzano	СМРС	Irani	Copec	IP	UPM	Cenibra	Klabin	Grade Criteria
ESG Score		2.1	1.3	1.7	2.0	2.2	1.7	1.8	2.0	
Environmental		2.3	1.1	1.9	2.1	1.7	1.2	2.1	2.0	
Emissions responsibility	3	2.2	0.5	2.4	2.4	1.1	1.0	3.0	2.2	Manage and significantly reduce harmful greenhouse gas emissions from operations
Resource use	3	2.3	1.9	2.9	2.8	1.5	1.5	3.0	2.8	Prioritize sustainable, responsible consumption and utilization of natural resources
Renewable energy use	2	2.4	1.2	0.0	0.9	3.0	1.2	0.0	0.7	Use of renewable sources within total energy consumption
Social		1.9	0.9	1.7	2.5	2.7	1.8	1.8	2.1	
Women in workforce	3	2.1	2.1	2.0	3.0	2.0	2.5	2.2	2.0	Advocate and ensure equal opportunities, representation for female professionals
Chain management	3	3.0	1.0	3.0	3.0	3.0	3.0	3.0	3.0	Comprehensive oversight and ethical optimization of the supply chain process
Community investment	2	0.6	0.0	0.1	1.6	3.0	0.1	0.5	1.2	Community spending as percentage of EBITDA
Governance		2.1	1.8	1.4	1.3	2.1	2.1	1.5	1.9	
Board Representation	3	22	1.4	1.1	1.4	2.3	2.0	1.4	1.6	Ensure diverse, inclusive, and equitable representation in leadership roles
Family influence on the company	3	2.0	2.0	1.0	1.0	2.0	1.0	1.0	2.0	Family shareholders impact company culture and decision-making
ESG linked remuneration and committee	2	3.0	3.0	3.0	1.0	1.0	3.0	3.0	3.0	Financial incentives directly tied to environmental, social, governance outcomes
Alignment with global organizations	2	1.0	1.0	1.0	2.0	3.0	3.0	1.0	1.0	Cooperate with global entities for shared sustainability goals

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ESG official indexes

S&P 2023 ESG Score



Sustainalytics ESG Risk Score



MSCI ESG Score

■2019 ■2020 ■2021 ■2022 ■2023



Main conclusions:

- Suzano has either **the same or a better score** than its main brazilian peer (Klabin)
- Although it scores better than the brazilian average, Suzano's ESG score can be improved when looking at international players
- The main reason for this disparity comes **from aspects** regarding relationships with local communities (Veracel)

CO₂ credits – how does Suzano generate credits?

Main criteria for the generation of CO_2 credits:

Additionality principle

Projects must go beyond business as usual (BAU)

Cerrado Carbon Project & Horizonte Carbon Project



Regulation advancements:

October 4th / 23 – Senate approves cap-and-trade BUT Chamber of Deputies still needs to approve + It will take 5 years for the law to take effect

What about Biomas?

Investments are expected to occur during the next 20 years...

Little information about the potential impact

If it gains scale, could be transformational

Appendix

CO₂ credits valuation

Scenario 1: Cap-and-Trade starts in 2028	Unit	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Upside addition (BRL/share)	2.3										
Credits sold CO2 credit price	[# of Credits] [US\$/ton]	0 5	1,700,000 5	2,131,250 5	2,131,250 5	2,131,250 6	2,131,250 59	2,131,250 60	2,131,250 62	2,131,250 63	2,131,250 65
Incremental revenue	[BRL th]	0	44,737	59,406	61,731	63,892	684,415	708,924	733,162	751,853	771,020
Scenario 2: Voluntary market prevails	Unit	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Upside addition (BRL/share)	0.5										
Credits sold CO2 credit price	[# of Credits] [US\$/ton]	0 5	1,700,000 5	2,131,250 5	2,131,250 5	2,131,250 6	2,131,250 6	2,131,250 6	2,131,250 6	2,131,250 6	2,131,250 6
Incremental revenue	[BRL th]	0	44,737	59,406	61,731	63,892	66,128	68,496	70,838	72,644	74,496
Current Pipeline:			Scenar	io 1 prem	nises:			Scena	ario 2 pre	emises:	
22.5 Mt – potential projects		- 1.7 N	1t sold in 2	2024			- 1.7 M	At sold ir	า 2024		
5.8 Mt – final certification ph	ase	aaA -	oroved cre	dits + pot	ential		- Apr	proved cr	redits + p	otential	
1.7 Mt – approved credits		proje and 2	tcs credits 2032	s sold bet	ween 202	proje and 2	etcs credi 2032	its sold b	etween 2	2025	
<u> 30 Mt - TOTAL</u>		- Cap	-and-trad	e starts ir	2028 ר	- Volu	untary m	arket pro	evails		

Water Intensity per Sales (#)



S&P ESG Risk Atlas (1 to 6)



Due to the high impact of forestry sector activities, it's fundamental for companies to reduce it

ESG official indexes – understanding Veracel's issue



Union of **family and the market**

Shareholder structure (%)





Shalka became CEO in 2013 and transformed a struggling company into the market's largest!





2019 failed price maker strategy

Pulp inventories (in BRL th) and utilization rate (%)





Suzano's first year after merger with Fibria

Falling global pulp prices period

It held inventory and production to raise prices

Strategy failed, Suzano did not become a price maker and accumulated large stocks!

Does Suzano have **pricing power** in the pulp market?

Given that its pulp has no differentiation from competitors', Suzano has **NO bargain** with its **clients**





With an average selling spread of (0.6%), Suzano is just a price taker

BoD and Mgmt

Executive Officers

Board of Directors

Name	Position	Professional Highlights	Name	Position	Professional Highlights
Walter Schalka	CEO	He currently serves as the CEO of the company, with prior tenures at Citibank and the Klabin-Maepar Group.	David Feffer	President	Attended non-degree programs at renowned institutions including Harvard, IMD, and Stanford.
Aires Galhardo	Pulp Operation	Mr. Gallardo was an executive at Fibria Cellulose S.A., overseeing the forestry sector.	Daniel Feffer	Vice- President	Pursued non-degree studies at Getúlio Vargas Foundation, Harvard, and MIT; earned a doctorate from Unisulmap.
Carlos	Forestry,	In 2008, he transitioned to paper commercial operations and later took on	Nildemar Secches	Vice- President	Holds a B.Sc. from London Business School.
Aníbal	Procurement	executive roles in both Paper and Pulp Business Units.	Maria Priscila Vansetti	Member (Independent)	Initiated career at DuPont Brazil in 1981 and held various roles in Wilmington, DE, USA.
Leonardo Grimaldi	Commercial Pulp, People & Management	He affiliated with Suzano Pulp and Paper in 2000, managing the company's global paper sales.	Ana Paula Pessoa	Member (Independent)	Co-founder and marketer of Kunumi Al; affiliated with News Corporation since 2013.
Christian Orglmeiste	New Business, IT, Digital and	Christian OrgImeister holds an engineering degree and pursued	Rodrigo Calvo	Member (Independent)	Served as CEO of Cogna Educação S.A. since 2011, with over 28 years in educational management.
r	n	institutions.	Paulo	Member (Indopondent)	Was the President of Cielo SA from 11/2018 to 05/2021 and joined Banco do Brasil in
Fernando	Research and	His academic credentials include a B.Sc.	Callarelli	(independent)	1981.
Bertolucci	Development	in Agronomy and a master's in Plant Genetic Enhancement from ESAL/UFLA.	Paulo Kakinoff	Member (Independent)	Holds board memberships in companies including Porto Seguro S.A., Grupo Vamos
Maraala	Finance and	Marcelo Bacci holds the position of CFO		(S.A., and Tembici S.A.
Bacci	Investor Relations	departments such as Treasury, M&A, and Compliance.	Gabriela Feffer	Member	Sits on the board of MD and ELF, and is a member of the Committee of Bionexo.

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IRR calculations: Cerrado Project

	Cerrado Project	Units		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Perpetuity
Main assumptions: company data about projects	CAPEX/ton Tax rate Leverage Kd Depreciable Life Economic Life Pulp Prices	[USD/ton] [%] [%] [years] [years] [USD/ton]		1,704 25% 85% 4,3% 30 25			580	605	580	610	626	641	658	675	692	709	
Pulp prices from our financial model	Income Statement Utilization rate	[%]					1	39%	97%	97%	97%	97%	97%	97%	97%	97%	*
Depreciation : capex per ton / depreciable life	Net revenues Costs + Expenses EBITDA/ton Depreciation EBT Tax	[USD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]						237 (93) 144 (57) 32 (8)	563 (230) 332 (55) 221 (55)	592 (235) 356 (54) 254 (63)	607 (241) 365 (54) 272 (68)	622 (248) 375 (53) 291 (73)	638 (254) 384 (53) 310 (78)	654 (260) 394 (52) 331 (83)	671 (269) 402 (52) 349 (87)	688 (279) 409 (52) 357 (89)	
Costs and sustain capex grown by inflation	Cash Flows EBITDA Sustaining CAPEX Taxes Cash disbursement Net Cash	[USD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]		(8)	(51)	(559)) (696)) (696)	144 (21) (8) (389) (274)	332 (51) (55) 226	356 (52) (63) 241	365 (54) (68) 244	375 (55) (73) 247	384 (56) (78) 250	394 (58) (83) 254	402 (60) (87) 255	409 (62) (89) 258	2 452
		[;]	1/ 070/														
Financial model per ton of each project!	Debt borrowgings Debt Value Interest Accrued Interest Payments Net Cash	[VSD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]	14.03%	(6) (0) -	(50) (2) - (8)	(530) (23) - (84)) (1,159) (50) - (104)	(1,301) (56) - (157)	(1,314) (57) 226 -	(1,130) (49) 241 -	(929) (40) 244 -	(718) (31) 247 -	(497) (21) 250 -	(266) (11) 254 -	(24) (1) 25 230	- - 258	1,549
	Leveraged IRR	[%]	20.17%														

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IRR calculations: Paso de los Toros

	Paso de Los Toros	Units		2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	Perpetuity
Main assumptions: \$280 as Costs + Expenses	CAPEX/ton Tax rate Leverage Kd Depreciable Life Economic Life Pulp Prices	[USD/ton] [%] [%] [years] [years] [USD/ton]	-1,65 20% 50% 2.09 30 25	52 6 6 6			580	605	580	610	626	641	658	675	692	709	
Pulp prices from our financial model	Income Statement Utilization rate Net revenues Costs + Expenses	[%] [USD/ton] [USD/ton]					80% 464 (224)	97% 587 (279)	97% 563 (286)	97% 592 (293)	97% 607 (300)	97% 622 (308)	97% 638 (316)	97% 654 (324)	97% 671 (332)	97% 688 (341)	
Depreciation : capex per ton / depreciable life	EBITDA/ton Depreciation EBT Tax	[USD/ton] [USD/ton] [USD/ton] [USD/ton]					240 (55) 185 (37)	308 (55) 253 (51)	277 (55) 222 (44)	299 (55) 244 (49)	306 (55) 251 (50)	314 (55) 259 (52)	322 (55) 267 (53)	330 (55) 275 (55)	339 (55) 284 (57)	348 (55) 292 (58)	
Costs and sustain capex grown by inflation	Cash Flows EBITDA Sustaining CAPEX Taxes Cash disbursement	[USD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]		(551)	(551)	(551)	240 (53) (37)	308 (66) (51)	277 (67) (44)	299 (69) (49)	306 (71) (50)	314 (73) (52)	322 (75) (53)	330 (76) (55)	339 (78) (57)	348 (78) (58)	
	Net Cash	[USD/ton]		(551)	(551)	(551)	150	192	165	181	185	190	194	199	204	211	2,635
★	Unlevereged IRR	[%]	11.49%														
Financial model per ton of each project!	Debt borrowgings Debt Value Interest Accrued Interest Payments Net Cash	[USD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]		(277) (277) (6) (273)	(277) (560) (11) (273)	(277) (849) (17) (273)	(866) (17) 120 30	(763) (15) 154 38	(625) (12) 132 33	(505) (10) 145 36	(371) (7) 148 37	(230) (5) 152 38	(83) (2) 84 110	- - - 199	- - - 204	- - - 211	2,158
	Leveraged IRR	[%]	13.26%														

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<u>^</u>	ΜΑΡΑ	Units		2020	2021 20	22 202	3 2024	2025	2026	2027	2028	2029	2030	2031	2032	Perpetuity
Main assumptions: \$280 as Costs + Expenses	CAPEX/ton Tax rate Leverage Kd Depreciable Life Economic Life Pulp Prices	[USD/ton] [%] [%] [years] [years] [USD/ton]	-1,85 229 18% 4.59 30 25	59 6 6		580	605	580	610	626	641	658	675	692	709	
Pulp prices from our financial model	Income Statement	[%]				80%	5 93 %	93%	93%	93%	93%	93%	93%	93%	93%	
	Net revenues	[USD/ton]				464	563	539	567 (201)	582	597 (205)	612 (707)	627	643	660 (710)	
	EBITDA/ton	[USD/ton]				240	296	(274) 266	286	(200) 294	(295) 301	309	(311) 317	325	(318) 341	
Depreciation : capex per ton / depreciable life	Depreciation EBT Tax	[USD/ton] [USD/ton] [USD/ton]				(62) 178 (39)	(62) 234 (51)	(62) 204 (45)	(62) 225 (49)	(62) 232 (51)	(62) 239 (53)	(62) 247 (54)	(62) 255 (56)	(62) 263 (58)	(62) 279 (61)	
	Cash Flows	[USD/ton]													- /-	
Costs and sustain capex grown by	EBIIDA Sustaining CAPEX	[USD/ton] [USD/ton]				(59)	296 (71)	266 (73)	286 (75)	294 (76)	301 (78)	309 (80)	317 (82)	325 (85)	341 (85)	
inflation	Taxes Cash disbursement	[USD/ton] [USD/ton]		(620)	(620) (62	(39) 20) -	(51)	(45) -	(49) -	(51) -	(53)	(54) -	(56) -	(58) -	(61) -	
	Net Cash	[USD/ton]		(620)	(620) (62	20) 141	173	148	163	166	170	174	178	182	195	2,976
	Unlevereged IRR	[%]	10.06%													
Financial model per ton of each project!	Debt borrowgings Debt Value Interest Accrued Interest Payments Net Cash	[USD/ton] [USD/ton] [USD/ton] [USD/ton] [USD/ton]		(112) (112) (5) (508)	(112) (11 (228) (35 (10) (10 (508) (50	2) 50) (365 5) (16) 113 98) 28) (269) (12) 139 <u>35</u>	(142) (6) 118 <u>30</u>	(30) (1) 31 131	- - - 166	- - - 170	- - - 174	- - - 178	- - 182	- - 195	2,916
	Leveraged IRR	[%]	10.20%													

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Cerrado Project sensibility

 \diamond Suzano sensibility

Scenario monitoring for the project

Sensitized variables were key project influencers

Values are added every year

Cerrado Project stands out in most scenarios

Cerrado's IRR sensitivity:

Δ Pulp Prices (USD/ton)




ROIC of the projects (%), Net Cash (USD) / Total capex (USD)

-Cerrado -Paso -MAPA



Appendix

Source: Team 3, Company's IR

ROIC comparables

35% 32% 30% 26% 25% 20% 20% 20% 18% 17% 15% 15% 15% 14% 13% 13% 12% 12% 10% 10% 10% 8% 7% 5% 6% 6% 5% 5% 5% 3% 3% 1% 0% 2015 2016 2017 2018 2019 2020 2021 2022 -Eldorado — Suzano — APP — CMPC — Arauco **____**

2022 ROIC DuPont analysis

■ Nopat margin ■ Asset turnover ■ ROIC



Appendix

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Our proprietary webscraping confirms that land prices skyrocketed

Average announced farm price per city of Mato Grosso do Sul, in BRL per hectare, as of November 2023



Modernization projects

Due to its success with modernization projects ...

Economic age of assets (Years) and 2022 utilization rate (%)

... the company stands out among large capacity players



Modernization investments are **essential for a competitive edge**

The company stands out among large capacity players...

Economic age of assets, in Years, and 2022 utilization rate, in %



...mainly due to its success with modernization projects

\diamond Modernization strategy

Aracruz and Jacareí modernization projects

New biomass boiler and production line

Reduces chances of unscheduled downtime

Cost reduction and increased **energy efficiency!**

Suzano		1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Depreciation expense	[th BRL]	643	649	660	669	713	743
LTM depreciation expense	[th BRL]				2621	2691	2785
Accumulated depreciation	[th BRL]	28,366	29,053	29,744	30,289	30,956	31,628
Age of assets	[ratio]				11.6	11.5	11.4
Eldorado		1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Depreciation expense	[th BRL]	84	86	88	82	88	97
LTM depreciation expense	[th BRL]				341	345	355
Accumulated depreciation	[th BRL]	2,006	2,089	2,174	2,247	2,327	2,382
Age of assets	[ratio]				6.6	6.8	6.7
СМРС		1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Depreciation expense	[th USD]	114	114	109	110	ווו	122
LTM depreciation expense	[th USD]				446	444	452
Accumulated depreciation	[th USD]	5,253	5,442	5,516	5,638	5,790	6,034
Age of assets	[ratio]				12.6	13.0	13.3
Arauco		1Q22	2Q22	3Q22	4Q22	1Q23	2Q23
Depreciation expense	[th USD]	116	113	112	101	136	161
LTM depreciation expense	[th USD]				442	461	509
Accumulated depreciation	[th USD]	6,811	6,869	6,949	7,079	7,234	7,404
Age of assets	[ratio]				16.0	15.7	14.5

Appendix

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New projects in the radar



Appendix

Suzano successful history in eucalyptus production

Planted useful area (th ha) and Annual Average Increment (m³/hectare)



Planted area CAGR of 14.2% from 2015 to 2022

Suzano expanded its forestry base while maintaining its productivity!

Tetrys is an example of how the company stands out

Using digital analytics Suzano improves the selection of adapted clones!

A new project would be significantly riskier for competitors

Given the recent surges in land prices, the capital expenditure would become prohibitively expensive for many competitor

Considering 2022 EBITDA of the companies and the CAPEX of a project like Cerrado, ~USD 4.4 bn

Net debt/EBITDA
Net debt/EBITDA increase by a project like Cerrado



Ready-to-go logistics

Suzano's own railway infrastructure ensures that it can build another mill with reduced freight cost



Appendix

Source: INFRASA, newsrun

Potential wood scarcity in Mato Grosso do Sul

Eucalyptus consumption		2021	2022
Mato Grosso do Sul	(th m³)	14,716	19,819
Cerrado Project	(th m³)	10,200	10,200
Eldorado	(th m³)	9,200	9,200
Sucuriú	(th m³)	10,200	10,200
Total		44,316	49,419
Wood supply			
Mato Grosso do Sul - area planted	(th ha)	1,042	1,110
MAI	(m³ / ha)	38.9	32.7
Total	(th m ³)	40,538	36,313
Balance	(th m³)	(3,778)	(13,106)
Balance in land terms	(th ha)	(97)	(401)

Potential **entries of Eldorado and Arauco** into the State

With the **current supply plus Cerrado** consumption

There is a **potential for a lack of wood supply** to serve the entire State

Demonstrating how **important** it is to have your **own forest bank!**

Strategic sheets: the underestimated power of **paper**



Despite 62% correlated, paper division helps stabilizing revenue

Since it is less reactive to demand shifts then pulp, paper unit enhances financial stability



The paper segment provides Suzano key benefits



Appendix

Tax credits

Suzano tax credits, in th BRL

	3Q23
IRPJ and CSLL — advances and withheld	180
PIS/COFINS — on fixed assets acquisition	89
PIS/COFINS — operations	523
PIS/COFINS — ICMS exclusion	571
ICMS — on fixed assets acquisition	167
ICMS — operations	1,423
Reintegra Program	66
Other taxes and contributions	39
Provision for loss of ICMS credits	(1,103)
Total	1,955
Current assets	549
Current assets Non-current assets	549 1,406

Concentrated in:

Espírito Santo Maranhão Mato Grosso do Sul São Paulo

The company has accumulated ICMS tax credits from exports and product inputs.

Plan to monetize ICMS credits: sell pending by state approval, **used in domestic consumption.**

Tax credits

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Suzano tax credits, in th BRL

	3Q23	Credit taxes use	
IRPJ and CSLL — advances and withheld	180	2023	549,580
PIS/COFINS — on fixed assets acquisition	89	2027	685 677
PIS/COFINS — operations	523	2024	110,000
PIS/COFINS — ICMS exclusion	571	2025	424,697
ICMS — on fixed assets acquisition	167	2026	249,143
ICMS — operations	1,423	2027	
Reintegra Program	66	2027	46,846
Other taxes and contributions	39		1,955,943
Provision for loss of ICMS credits	(1,103)		
Total	1,955	WACC	10.82%
Current assets	549	NPV	1,559,427
Non-current assets	1,406	Shares outstanding	1,289,352
		Tax credits price	1.2
		Upside	2.3%

Branching out to better, more promising markets





Still are less representative than other segments



Appendix

Paper future projects and concentration in Latam

Suzano is strategically expanding in the tissue segment

New projects in the radar

Suzano paper segment capacity

Company	Product type	Annual capacity (th tons)
	P&W paper	1,050
	Paperboard	200
	Tissue	170
	Total	1,420
suzano		
	Coated board	750
	Containerboard	1,850
	Total	2,600
Klabin	Tissue	1,160
	Boxboard	497
	Sack Kraft	120
cmpc	Corrugated paper	497
Ciripe	Total	2,274

Company	Location	Product	Capacity (th tons)	Planned start-up time
Irani	Brazil	Kraft paper	7.2	2023
Irani	Brazil	Coated board	460	2023
Klabin	Brazil	Corrugated box	30	-
Klabin	Brazil	Industrial bag	9	-
Papel San Francisco	Mexico	Tissue	30	1Q24
Suzano	Brazil	Tissue	60	1Q24
Bracell	Brazil	Tissue	240	2024
GrandBay Papeles Nacionales	Colombia	Tissue	40	2024
GrandBay Papeles Nacionales	Guatemala	Tissue	60	2023
Total	-	-	936	-

Appendix

Suzano's main **optionalities**



Next-generation forests promise a new era in productivity



Suzano is more than **prepared** for a **green future**



It places Suzano in an escalating billion-dollar fiber market





Production volumes expand while operational costs fall

Woodspin capacity

Cumulative capacity in tons/year, tech capex in EUR mn



After experience, the company seeks lower capex and costs

Appendix

India, a nice but slow tissue demand increase





India, a nice but slow tissue demand increase





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Fossil to fiber potential demand increment

Plastic consumption in the world

Packaging (packing)	[mt]	152.5	152.5
Reduction	%	1%	20%
Paper use	[mt]	1.52499	30.4998
BHKP use	[mt]	2%	2%
BHKP total	[mt]	0.03	0.53

Consumer use (specialties)	[mt]	49.814	49.814
Paper use	%	1%	20%
Reduction	[mt]	0.49814	9.9628
BHKP use	[mt]	9%	9%
BHKP total	[mt]	0.05	0.91
Total		0.07	1.4

Even though there is potential,

the increase in demand is still very incipient!

Income Statement

Income Statement	Unit	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Revenue	[BRL mn]	30,460	40.965	49.831	37.931	43.663	47.389	51.574	53.379	55.247	57.181	59.182	61.254	63.398
YoY growth	[%]	17.10%	34.49%	21.64%	(23.88%)	15.11%	8.53%	8.83%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
COGS	[BRL mn]	(18,966)	(20,616)	(24,821)	(26,020)	(28,017)	(30,478)	(32,112)	(32,935)	(33,767)	(34,604)	(35,431)	(36,274)	(37,297)
YoY growth	[%]	(8.57%)	8.70%	20.40%	4.83%	7.68%	8.79%	5.36%	2.56%	2.53%	2.48%	2.39%	2.38%	2.82%
Gross profit	[BRL mn]	11,494	20,350	25,010	11,911	15,646	16,911	19,462	20,444	21,480	22,577	23,751	24,979	26,101
Gross margin	[%]	37.73%	49.68%	50.19%	31.40%	35.83%	35.69%	37.74%	38.30%	38.88%	39.48%	40.13%	40.78%	41.17%
Operating expenses	[BRL mn]	(3,051)	(2,170)	(2,787)	(4,467)	(5,001)	(5,564)	(5,713)	(5,784)	(5,857)	(5,933)	(6,012)	(6,094)	(6,179)
EBIT	[BRL mn]	8,443	18,180	22,223	7,444	10,645	11,347	13,749	14,660	15,623	16,644	17,739	18,886	19,922
EBIT margin	[%]	27.72%	44.38%	44.60%	19.63%	24.38%	23.94%	26.66%	27.46%	28.28%	29.11%	29.97%	30.83%	31.42%
Financial result	[BRL mn]	(26,086)	(9,347)	6,433	5,119	(6,034)	(5,010)	(4,282)	(4,176)	(4,085)	(3,998)	(3,914)	(3,345)	(3,273)
EBT	[BRL mn]	(17,642)	8,833	28,656	12,563	4,611	6,337	9,467	10,483	11,538	12,646	13,825	15,541	16,649
Net income taxes	[BRL mn]	6,927	(197)	(5,261)	(300)	(1,153)	(1,584)	(2,367)	(2,621)	(2,884)	(3,162)	(3,456)	(3,885)	(4,162)
Net Income	[BRL mn]	(10,715)	8,636	23,395	12,263	3,458	4,753	7,101	7,863	8,653	9,485	10,369	11,655	12,487
Net margin	[%]	(35.20%)	21.10%	46.90%	30.10%	6.20%	13.30%	15.90%	16.40%	17.00%	17.60%	18.10%	19.20%	19.40%
EBITDA	[BRL mn]	15,216	25,222	29,630	16,801	21,133	22,428	25,049	26,136	27,276	28,482	29,771	31,121	32,372
(+/-) Non-recurring / PPA	[BRL mn]	(267)	(1,751)	(1,436)	-	-	-	-	-	-	-	-	-	-
Adjusted EBITDA	[BRL mn]	14,949	23,471	28,195	16,801	21,133	22,428	25,049	26,136	27,276	28,482	29,771	31,121	32,372
Adj. EBITDA margin	[%]	49.08%	57.29%	56.58%	44.29%	48.40%	47.33%	48.57%	48.96%	49.37%	49.81%	50.30%	50.81%	51.06%

Appendix

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Income Statement (Pulp)

Income Statement (Pulp)	Unit	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Revenue	[BRL mn]	25,578	34,715	41,384	29,228	34,143	37,663	40,919	42,351	43,833	45,368	46,955	48,599	50,300
YoY growth	[%]	21.64%	35.72%	19.21%	(29.37%)	16.82%	10.31%	8.65%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
COGS	[BRL mn]	(15,755)	(16,727)	(19,958)	(20,499)	(22,327)	(24,928)	(25,849)	(26,470)	(27,092)	(27,710)	(28,312)	(28,917)	(29,693)
YoY growth	[%]	(9.66%)	6.17%	19.31%	2.71%	8.92%	11.65%	3.70%	2.40%	2.35%	2.28%	2.17%	2.14%	2.68%
Gross profit	[BRL mn]	9,823	17,988	21,426	8,729	11,816	12,735	15,069	15,881	16,742	17,657	18,643	19,682	20,607
Gross margin	[%]	38.41%	51.82%	51.77%	29.87%	34.61%	33.81%	36.83%	37.50%	38.19%	38.92%	39.70%	40.50%	40.97%
Operating expenses	[BRL mn]	(2,409)	(1,690)	(2,057)	(3,680)	(4,166)	(4,686)	(4,787)	(4,812)	(4,838)	(4,864)	(4,891)	(4,920)	(4,951)
EBIT	[BRL mn]	7,414	16,298	19,370	5,049	7,650	8,049	10,282	11,069	11,904	12,793	13,752	14,761	15,656
EBIT margin	[%]	28.98%	46.95%	46.80%	17.28%	22.40%	21.37%	25.13%	26.14%	27.16%	28.20%	29.29%	30.37%	31.13%
D&A	[BRL mn]	6,232	6,438	6,738	8,421	9,701	10,527	10,735	10,902	11,071	11,246	11,430	11,623	11,827
EBITDA	[BRL mn]	13,646	22,735	26,107	13,470	17,351	18,576	21,017	21,971	22,975	24,039	25,181	26,384	27,484
EBITDA margin	[%]	53.35%	65.49%	63.09%	46.09%	50.82%	49.32%	51.36%	51.88%	52.41%	52.99%	53.63%	54.29%	54.64%
EBITDA/ton	[BRL th]	1,261	2,148	2,463	1,325	1,536	1,451	1,608	1,681	1,757	1,839	1,926	2,018	2,102
EBITDA/ton (US\$)	[US\$ th]	244	398	477	265	305	284	312	323	334	347	360	373	385

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Income Statement (Paper)

Income Statement (Paper)	Unit	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Net Revenue	[BRL mn]	4,882	6,250	8,447	8,703	9,520	9,726	10,655	11,028	11,414	11,813	12,227	12,655	13,098
YoY growth	[%]	(2.07%)	28.03%	35.14%	3.03%	9.39%	2.17%	9.55%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%
COGS	[BRL mn]	(3,211)	(3,888)	(4,863)	(5,521)	(5,689)	(5,550)	(6,262)	(6,465)	(6,675)	(6,894)	(7,119)	(7,357)	(7,604)
YoY growth	[%]	(2.79%)	21.07%	25.08%	13.52%	3.05%	(2.45%)	12.84%	3.24%	3.25%	3.27%	3.27%	3.35%	3.36%
Gross profit	[BRL mn]	1,671	2,362	3,583	3,182	3,830	4,176	4,393	4,563	4,739	4,920	5,108	5,298	5,494
Gross margin	[%]	34.22%	37.79%	42.42%	36.56%	40.24%	42.94%	41.23%	41.37%	41.52%	41.65%	41.78%	41.86%	41.94%
Operating expenses	BRL mn	(641)	(479)	(730)	(787)	(835)	(878)	(926)	(972)	(1,020)	(1,069)	(1,120)	(1,173)	(1,228)
EBIT	[BRL mn]	1,030	1,883	2,853	2,395	2,995	3,298	3,467	3,591	3,719	3,851	3,988	4,124	4,266
EBIT margin	[%]	21.09%	30.12%	33.78%	27.51%	31.47%	33.91%	32.54%	32.56%	32.58%	32.60%	32.61%	32.59%	32.57%
D&A	[BRL mn]	540	604	670	936	787	554	565	574	583	592	602	612	622
EBITDA	[BRL mn]	1,570	2,486	3,523	3,330	3,782	3,853	4,032	4,165	4,302	4,443	4,589	4,736	4,888
EBITDA margin	[%]	32.16%	39.78%	41.71%	38.27%	39.73%	39.61%	37.84%	37.76%	37.69%	37.61%	37.53%	37.43%	37.32%
EBITDA/ton	[BRL th]	1,334	1,921	2,698	2,362	2,640	2,689	2,706	2,795	2,887	2,981	3,080	3,178	3,280
EBITDA/ton (US\$)	[US\$ th]	259	356	522	473	525	527	524	537	549	562	575	588	601

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Balance Sheet (assets)

Balance Sheet (BRL mn)	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Assets	101,801	118,975	133,198	138,104	144,609	150,431	152,516	154,396	156,339	158,350	160,433	162,035	163,754
Current assets	17,958	34,103	37,123	32,196	33,569	39,649	42,509	45,189	47,802	50,349	52,833	54,699	56,570
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Cash and equivalents	9,047	21,099	17,053	13,838	13,530	18,231	19,820	21,923	23,944	25,884	27,749	28,977	30,152
Accounts receivable	2,915	6,531	9,607	7,482	8,613	9,348	10,173	10,529	10,898	11,279	11,674	12,082	12,505
Inventories	4,009	4,637	5,728	6,329	6,815	7,413	'7,811	8,011	8,213	8,417	8,618	8,823	9,072
Recoverable taxes	407	361	550	376	433	470	511	529	548	567	587	607	629
Derivative financial instruments	484	470	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048	3,048
Advances to suppliers	43	60	108	94	102	110	116	119	122	125	128	131	135
Dividends receivable	8	7	7	7	7	7	7	7	7	7	7	7	7
Others assets	1,045	938	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021	1,021
Non-current assets	83,843	84,872	96,075	105,908	111,040	110,781	110,007	109,207	108,537	108,001	107,599	107,336	107,184
Marketable securities	185	250	419	419	419	419	419	419	419	419	419	419	419
Marketable securities	185 835	250	419 1.406	419	419 1 232	419 1 337	419 1.456	419 1 507	419 1 559	419 1.614	419 1.670	419 1 729	419 1 789
Marketable securities Recoverable taxes Deferred taxes	185 835 8 677	250 1,269 8,730	419 1,406 3,986	419 1,071 3,986	419 1,232 3 986	419 1,337 3,986	419 1,456 3 986	419 1,507 3 986	419 1,559 3 986	419 1,614 3 986	419 1,670 3 986	419 1,729 3,986	419 1,789 3,986
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments	185 835 8,677 857	250 1,269 8,730 972	419 1,406 3,986 1,825	419 1,071 3,986 1,825	419 1,232 3,986 1,825	419 1,337 3,986 1,825	419 1,456 3,986 1 825	419 1,507 3,986 1,825	419 1,559 3,986	419 1,614 3,986 1,825	419 1,670 3,986 1,825	419 1,729 3,986 1,825	419 1,789 3,986 1,825
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments	185 835 8,677 857	250 1,269 8,730 972	419 1,406 3,986 1,825	419 1,071 3,986 1,825	419 1,232 3,986 1,825 1,770	419 1,337 3,986 1,825 1,926	419 1,456 3,986 1,825 2,029	419 1,507 3,986 1,825 2,081	419 1,559 3,986 1,825 2,134	419 1,614 3,986 1,825 2,186	419 1,670 3,986 1,825 2,239	419 1,729 3,986 1,825 2,292	419 1,789 3,986 1,825 2,357
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers	185 835 8,677 857 1,015	250 1,269 8,730 972 1,283	419 1,406 3,986 1,825 1,592	419 1,071 3,986 1,825 1,644	419 1,232 3,986 1,825 1,770 767	419 1,337 3,986 1,825 1,926	419 1,456 3,986 1,825 2,029	419 1,507 3,986 1,825 2,081	419 1,559 3,986 1,825 2,134	419 1,614 3,986 1,825 2,186	419 1,670 3,986 1,825 2,239	419 1,729 3,986 1,825 2,292	419 1,789 3,986 1,825 2,357
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits	185 835 8,677 857 1,015 258	250 1,269 8,730 972 1,283 301 207	419 1,406 3,986 1,825 1,592 363	419 1,071 3,986 1,825 1,644 363 280	419 1,232 3,986 1,825 1,770 363 280	419 1,337 3,986 1,825 1,926 363	419 1,456 3,986 1,825 2,029 363 280	419 1,507 3,986 1,825 2,081 363 280	419 1,559 3,986 1,825 2,134 363	419 1,614 3,986 1,825 2,186 363	419 1,670 3,986 1,825 2,239 363	419 1,729 3,986 1,825 2,292 363	419 1,789 3,986 1,825 2,357 363
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits Other assets	185 835 8,677 857 1,015 258 235	250 1,269 8,730 972 1,283 301 297	419 1,406 3,986 1,825 1,592 363 280	419 1,071 3,986 1,825 1,644 363 280	419 1,232 3,986 1,825 1,770 363 280	419 1,337 3,986 1,825 1,926 363 280	419 1,456 3,986 1,825 2,029 363 280	419 1,507 3,986 1,825 2,081 363 280	419 1,559 3,986 1,825 2,134 363 280	419 1,614 3,986 1,825 2,186 363 280	419 1,670 3,986 1,825 2,239 363 280	419 1,729 3,986 1,825 2,292 363 280	419 1,789 3,986 1,825 2,357 363 280
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits Other assets Biological assets	185 835 8,677 857 1,015 258 235 11,161	250 1,269 8,730 972 1,283 301 297 12,249	419 1,406 3,986 1,825 1,592 363 280 14,632	419 1,071 3,986 1,825 1,644 363 280 15,300	419 1,232 3,986 1,825 1,770 363 280 16,623	419 1,337 3,986 1,825 1,926 363 280 17,564	419 1,456 3,986 1,825 2,029 363 280 18,483	419 1,507 3,986 1,825 2,081 363 280 19,370	419 1,559 3,986 1,825 2,134 363 280 20,236	419 1,614 3,986 1,825 2,186 363 280 21,093	419 1,670 3,986 1,825 2,239 363 280 21,948	419 1,729 3,986 1,825 2,292 363 280 22,809	419 1,789 3,986 1,825 2,357 363 280 23,679
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits Other assets Biological assets Investments	185 835 8,677 857 1,015 258 235 11,161 359	250 1,269 8,730 972 1,283 301 297 12,249 524	419 1,406 3,986 1,825 1,592 363 280 14,632 613	419 1,071 3,986 1,825 1,644 363 280 15,300 613	419 1,232 3,986 1,825 1,770 363 280 16,623 613	419 1,337 3,986 1,825 1,926 363 280 17,564 613	419 1,456 3,986 1,825 2,029 363 280 18,483 613	419 1,507 3,986 1,825 2,081 363 280 19,370 613	419 1,559 3,986 1,825 2,134 363 280 20,236 613	419 1,614 3,986 1,825 2,186 363 280 21,093 613	419 1,670 3,986 1,825 2,239 363 280 21,948 613	419 1,729 3,986 1,825 2,292 363 280 22,809 613	419 1,789 3,986 1,825 2,357 363 280 23,679 613
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits Other assets Biological assets Investments PP&E	185 835 8,677 857 1,015 258 235 11,161 359 39,157	250 1,269 8,730 972 1,283 301 297 12,249 524 38,170	419 1,406 3,986 1,825 1,592 363 280 14,632 613 50,657	419 1,071 3,986 1,825 1,644 363 280 15,300 613 60,646	419 1,232 3,986 1,825 1,770 363 280 16,623 613 64,712	419 1,337 3,986 1,825 1,926 363 280 17,564 613 63,836	419 1,456 3,986 1,825 2,029 363 280 18,483 613 62,535	419 1,507 3,986 1,825 2,081 363 280 19,370 613 61,390	419 1,559 3,986 1,825 2,134 363 280 20,236 613 60,420	419 1,614 3,986 1,825 2,186 363 280 21,093 613 59,615	419 1,670 3,986 1,825 2,239 363 280 21,948 613 58,967	419 1,729 3,986 1,825 2,292 363 280 22,809 613 58,468	419 1,789 3,986 1,825 2,357 363 280 23,679 613 58,071
Marketable securities Recoverable taxes Deferred taxes Derivative financial instruments Advances to suppliers Judicial deposits Other assets Biological assets Investments PP&E Right of use	185 835 8,677 857 1,015 258 235 11,161 359 39,157 4,344	250 1,269 8,730 972 1,283 301 297 12,249 524 38,170 4,794	419 1,406 3,986 1,825 1,592 363 280 14,632 613 50,657 5,109	419 1,071 3,986 1,825 1,644 363 280 15,300 613 60,646 5,434	419 1,232 3,986 1,825 1,770 363 280 16,623 613 64,712 5,755	419 1,337 3,986 1,825 1,926 363 280 17,564 613 63,836 6,036	419 1,456 3,986 1,825 2,029 363 280 18,483 613 62,535 6,287	419 1,507 3,986 1,825 2,081 363 280 19,370 613 61,390 6,508	419 1,559 3,986 1,825 2,134 363 280 20,236 613 60,420 6,701	419 1,614 3,986 1,825 2,186 363 280 21,093 613 59,615 6,870	419 1,670 3,986 1,825 2,239 363 280 21,948 613 58,967 7,018	419 1,729 3,986 1,825 2,292 363 280 22,809 613 58,468 7,148	419 1,789 3,986 1,825 2,357 363 280 23,679 613 58,071 7,262

Appendix

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Source: Team 3

Balance Sheet (liabilities & equity)

Liabilities	94,463	103,800	100,032	95,741	99,652	101,909	103,284	104,378	105,455	106,518	107,564	108,000	108,471
Current liabilities	8,173	11,551	14,493	13,116	13,860	14,690	15,235	15,519	15,804	16,090	16,373	16,648	16,973
Accounts payable	2,361	3,289	6,207	7,108	7,654	8,326	8,773	8,998	9,225	9,454	9,680	9,910	10,189
Loans, financing and debentures	2,043	3,656	3,335	3,276	3,329	3,350	3,360	3,371	3,381	3,392	3,403	3,403	3,403
Lease liabilities	620	623	672	536	565	590	613	634	653	670	685	699	711
Derivative financial instruments	1,991	1,563	668	668	668	668	668	668	668	668	668	668	668
Taxes payable	170	340	449	328	378	410	446	462	478	495	512	530	548
Payroll and charges	493	591	675	602	656	724	743	750	758	765	773	782	790
Liabilities for assets acquisitions and subsidiaries	102	99	1,857	0	0	0	0	0	0	0	0	0	0
Dividends payable	6	919	5	5	5	5	5	5	5	5	5	5	5
Advance from customers	25	104	131	98	113	122	133	138	143	148	153	158	164
Other liabilities	361	368	494	494	494	494	494	494	494	494	494	494	494
Non-current liabilities	86,291	92,249	85,539	82,624	85,791	87,219	88,049	88,859	89,651	90,428	91,191	91,352	91,498
Loans, financing and debentures	70.856	75.973	71.240	68.048	70.893	72.032	72.596	73.166	73.741	74.322	74.908	74.908	74.908
Lease liabilities	4.572	5.270	5.510	5.986	6.300	6.583	6.842	7.076	7.286	7.475	7.645	7.799	7.937
Derivative financial instruments	6.126	6.331	4.179	4.179	4.179	4.179	4.179	4.179	4.179	4.179	4.179	4.179	4.179
Liabilities for assets acquisitions and subsidiaries	401	307	206	-	-	-	-	-	-	-	-	-	-
Provision for judicial liabilities	3.256	3.233	3.256	3.256	3.256	3.256	3.256	3.256	3.256	3.256	3.256	3.256	3.256
Employee benefit plans	785	675	691	691	691	691	, 691	691	691	691	691	691	691
Deferred taxes	1	-	1	1	1	1	1	1	1	1	1	1	1
Share-based compensation plans	195	167	162	169	176	182	189	195	202	209	216	224	232
Advance from customers	-	150	136	136	136	136	136	136	136	136	136	136	136
Other liabilities	99	144	157	157	157	157	157	157	157	157	157	157	157
Shareholders' Equity	7,337	15,175	33,166	42,363	44,957	48,522	49,232	50,018	50,884	51,832	52,869	54,034	55,283
Share capital	9,236	9,236	9,236	7,115	7,115	7,115	7,115	7,115	7,115	7,115	7,115	7,115	7,115
Capital reserves	î11	15	18	18	18	18	18	18	18	18	18	18	18
Treasury shares	(218)	(218)	(2,120)	-	-	-	-	-	-	-	-	-	-
Earnings reserves		3,928	24,208	33,405	35,999	39,563	40,273	41,060	41,925	42,874	43,910	45,076	46,325
Other reserves	2,130	2,115	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720	1,720
Retained earnings	(3,926)	-	-	-	-	-	-	-	-	-	-	-	-
Non-controlling shareholders' participation	106	100	105	105	105	105	105	105	105	105	105	105	105

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Cash Flow Statement

Cash Flow Statement	Unit	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Cash from operating Activities	[BRL mn]	19,561	16,155	16,783	18,672	20,193	21,177	22,206	23,293	24,188	25,228
Net income	[BRL mn]	12,263	3,458	4,753	7,101	7,863	8,653	9,485	10,369	11,655	12,487
(+) D&A	[BRL mn]	9,357	10,488	11,081	11,300	11,476	11,653	11,838	12,031	12,235	12,450
(-) Δ WK assets	[BRL mn]	1,712	(1,680)	(1,380)	(1,270)	(577)	(592)	(607)	(619)	(637)	(697)
(+) Δ WK liabilities	[BRL mn]	(1,182)	664	783	512	252	256	258	257	262	312
(-) Δ Other non-current assets	[BRL mn]	284	(288)	(261)	(221)	(103)	(105)	(107)	(109)	(112)	(125)
(+) Δ Other non-current liabilities	[BRL mn]	(198)	7	6	6	7	7	7	7	8	8
(+) Lease interest	[BRL mn]	577	609	641	670	696	720	741	760	778	793
FX variation	[BRL mn]	(3,251)	2,898	1,159	575	580	586	591	597	0	0
Cash from investing activities	[BRL mn]	(18,517)	(14,340)	(9,569)	(9,307)	(9,575)	(9,881)	(10,197)	(10,524)	(10,863)	(11,175)
Growth Capex	[BRL mn]	(12,157)	(6,640)	(1,976)	(1,388)	(1,385)	(1,409)	(1,434)	(1,461)	(1,488)	(1,516)
Maintenance Capex	[BRL mn]	(6,360)	(7,700)	(7,593)	(7,919)	(8,191)	(8,472)	(8,762)	(9,063)	(9,375)	(9,659)
Intangibles additions	[BRL mn]	-	-	-	-	-	-	-	-	-	-
Cash from financing activities	[BRL mn]	(4,259)	(2,123)	(2,513)	(7,775)	(8,515)	(9,276)	(10,069)	(10,904)	(12,098)	(12,878)
Lease payments	[BRL mn]	(1,193)	(1,259)	(1,325)	(1,384)	(1,439)	(1,488)	(1,532)	(1,572)	(1,608)	(1,640)
Dividends	[BRL mn]	(3,066)	(865)	(1,188)	(6,390)	(7,076)	(7,788)	(8,536)	(9,332)	(10,490)	(11,238)
Net change in cash	[BRL mn]	(3,215)	(308)	4,701	1,590	2,103	2,020	1,940	1,865	1,228	1,175

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Revenue breakdown

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Pulp and paper revenue, in BRL bn



■ Pulp revenue ■ Paper revenue



Paper volume breakdown YoY (Ktons):

-Tissue -P&W -Paperboard



Paper market share


Pulp price: short-term



Marginal cost calculation

We find the intercept between the demand and the cost curve to get the marginal cost



CIF China cost curve, by year

As the marginal cost grow, we start using the long-term price

When the marginal cost + 50 USD gets higher than the incentive price, we begin using the long-term



Appendix

How did we calculate the new project incentive price?

Combining our main assumptions...

♦ Key Assumptions

Cash cost similar to Cerrado project

CAPEX adjusted to inflation and land prices

No fiscal benefits (As we project for Cerrado)

No projects below USD 610/ton

Appendix

we made a project model

Basic Assumptions	Unit									
Depreciable										
Capex/ton	[USD/ton]	1555	1555	1555	1555	1555	1555	1555	1555	1555
Land CAPEX/ton		690	690	690	690	690	690	690	690	690
Depreciable Life	[Years]	40	40	40	40	40	40	40	40	40
Economic Life	[Years]	40	40	40	40	40	40	40	40	40
Tax Rate	[%]	34%	34%	34%	34%	34%	34%	34%	34%	34%
Leverage	[%]	0%	0%	0%	0%	0%	0%	0%	0%	0%
Kd	[%]	5%	5%	5%	5%	5%	5%	5%	5%	5%
Pulp price sensibility	,									
IS										
Pulp price	[USD/ton]	500	520	540	560	580	600	610	620	640
Cash cost + Expenses	[USD/ton]	228	228	228	228	228	228	228	228	228
EBITDA/ton	[USD/ton]	272	292	312	332	352	372	382	392	412
Depreciation	[USD/ton]	93	93	93	93	93	93	93	93	93
EBT	[USD/ton]	179	199	219	239	259	279	289	299	319
Taxes	[USD/ton]	(61)	(68)	(75)	(81)	(88)	(95)	(98)	(102)	(109)
Accounting Profit	[USD/ton]	118	131	145	158	171	184	191	197	211
Cash Flow Analysis										
EBITDA/ton	[USD/ton]	272	292	312	332	352	372	382	392	412
Taxes	[USD/ton]	(61)	(68)	(75)	(81)	(88)	(95)	(98)	(102)	(109)
Forest sustaining										
CAPEX	[USD/ton]	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)	(54)
Other sustaining										
CAPEX	[USD/ton]	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)	(39)
WK Variation	[USD/ton]	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)	(5)
Net Cash/ ton	[USD/ton]	113	126	140	153	166	179	186	192	206
Project IRR	[%]	7.6%	8.2%	8.8%	9.4%	10.0%	10.6%	10.8%	11.2%	11.8%

This incentive price is in-line with the historical mean...

BHKP China (USD/ton) historical series, in nominal terms



... which is somehow conservative, given the higher CPI-adjusted price

Pulp price: inflation-adjusted vs nominal numbers (USD/ton)



Appendix

How did we calculate new project IRR?

With a perpetuity after 20y of operations, we calculated the IRR

Cash flows for a real price of 620, in USD/ton



New projects return sensitivity based on land CAPEX

Sensitivity analysis of new projects, considering the current land capex, indicates scenarios of high pulp prices

Assumptions of IRR calculations

IRR of new projects (%)





A WACC in line with Suzano's, 10.8%

Only **high pulp prices** or **cheaper lands** would result in an **IRR > WACC** for new projects

Why should the gap between marginal cost and BHKP persist?

Companies do not operate on their full nominal capacity...

Capacity utilization rate, in %

And supply disruptions also reduce actual capacity

BHKP unexpected downtime, in Mtons



How did prices react to capacity additions?



Our VAR econometric model indicates a similar long-term price

Despite less reactive to supply addictions, our model exhibits a comparable pattern in long-term pricing



Source: Team 3, Oxmetrics, FRED, FAO

Our numbers vs company guidance



Future **leverage**

Suzano's Net Debt/EBITDA evolution



Appendix

Dividend **payout** ratio

Suzano's dividend payout evolution (%)



Suzano now excels in liability management...

... Thus, we do not see reasons for strong changes on the debt structure in the short-term



Revenue build-up: Paper

Despite recent efforts, tissue should not become predominant on Suzano's paper revenue

Paper revenue breakdown (BRL bn) and tissue participation (%)



Cash cost build-up: Cerrado's cash cost was projected separately

Pulp cash cost build-up	Unit	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
-				(0)	(10.010)	(44.000)	· · · · · · · · · · · · · · · · · · ·	(44.000)	(10.10.1)	(40.000)	(40 800)	(10.014)
Pulp total cash cost	[BRL mn]	(9,805)	(9,537)	(9,727)	(10,848)	(11,289)	(11,577)	(11,859)	(12,124)	(12,359)	(12,580)	(12,956)
/ton	[BRL/ton]	925	938	861	847	864	886	907	927	945	962	991
Cash cost ex-Cerrado	[BRL mn]	(9,805)	(9,537)	(9,324)	(9,528)	(9,757)	(10,002)	(10,259)	(10,531)	(10,811)	(11,125)	(11,450)
Cash cost per ton (ex-Cerrado)	[BRL/ton]	925	938	880	899	921	944	969	994	1021	1050	1081
Wood (denominated in BRI)	[BRI /ton]	330	364	370	372	375	379	383	380	30/	402	<i>4</i> 10
	[BRI /ton]	211	182	182	176	173	170	167	164	162	161	161
Harvesting	[BRL/ton]	128	182	189	195	202	209	217	224	232	240	249
Average radius ex-Cerrado	[km]	203	201	198	194	191	187	184	180	177	173	170
YoY	[%]		(1%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)	(2%)
Yearly Brent increase (decrease)	[%]	40%	(14%)	(1%)	(6%)	(4%)	(3%)	(3%)	(3%)	(3%)	0%	0%
Inputs (denominated in US\$)	[BRL/ton]	420	378	320	331	343	355	367	380	393	407	421
• •												
Yearly caustic soda price increase (decrease)	[%]	99%	(41%)	(28%)	38%	4%	3%	3%	3%	3%	0%	0%
Fixed (denominated in BRL)	[BRL/ton]	164	183	190	197	204	211	218	226	234	242	250
Energy sale	[BRL/ton]	(37)	(36)	(38)	(40)	(41)	(42)	(44)	(45)	(47)	(49)	(50)
Stops	[BRL/ton]	21	40	49	38	40	41	42	44	45	47	49
Cerrado cash cost	[BRL mn]			(404)	(1,320)	(1,532)	(1,575)	(1,599)	(1,593)	(1,548)	(1,455)	(1,506)
Cerrado cash cost per ton	[BRL/ton]			576	597	618	635	645	642	624	587	607
Cerrado cash cost per ton (until 2031) Cerrado structural cash cost per ton (2031	[BRL/ton]			576	597	618	639	662	685	709	733	759
onwards)	[BRL/ton]			461	477	494	511	529	548	567	587	607
% of structural cash cost (eucalyptus growth)	[%]			0.00%	0.00%	0.00%	3.24%	12.73%	30.86%	59.60%	100%	100%

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Cash cost ex-Cerrado - rationale



Cash cost ex-Cerrado: understanding the magnitude of the gains



Sources: Team 3, Suzano's IR | * 2022 cash cost inflated by IPCA

Appendix

Capex build-up

Capex build-up	Unit	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total Capex	[BRL mn]	6,305	16,310	18,517	14,340	9,575	9,319	9,593	9,905	10,227	10,561	10,907	11,227
Maintainance Capex	[BRL mn]	4,652	5,632	6,360	7,700	7,599	7,931	8,208	8,496	8,793	9,101	9,419	9,711
Forest maintenance /tonnes	[BRL mn] [BRL/ton]	3,777 318	4,449 374	4,809 415	5,822 458	5,695 474	5,922 490	6,129 507	6,344 525	6,566 543	6,796 562	7,034 582	7,280 602
Real increase in eucalyptus price	[%]	26%	74%	21%	5%	5%	5%	-	-	-	-	-	-
Industrial maintainance /tonnes	[BRL mn] [BRL/ton]	778 73	1,042 98	1,301 112	1,575 131	1,736 136	1,834 140	1,899 145	1,965 150	2,034 156	2,105 161	2,179 167	2,217 170
Others	[BRL mn]	97	141	250	163	168	174	180	187	193	200	207	214
Growth Capex	[BRL mn]	1,653	10,678	12,157	6,640	1,976	1,388	1,385	1,409	1,434	1,461	1,488	1,516
Lands and forest acquisition /tonnes	[BRL mn] [BRL/ton]	444 42	2,635 249	2,420 <mark>238</mark>	1,400 124	639 <mark>50</mark>	675 <mark>52</mark>	699 53	723 55	748 57	775 59	802 <mark>61</mark>	830 <mark>63</mark>
Forest land price increase	[%]	48%	16%	14%									
Cerrado project	[BRL mn]	700	7,367	8,937	4,600	500	-	-	-	-	-		-
Modernization / other /tonnes*	[BRL mn] [BRL/ton]	509 0.04	676 0.06	800 0.07	182 0.02*	182 0.02*	686 0.06	686 0.06	686 0.06	686 0.06	686 0.06	686 0.06	686 0.06
Capex for 3Q23 new projects	[BRL mn]	-	-	-	458	655	27	-	-	-	-	-	-
New tissue mill (Aracruz) Biomass boiler (Aracruz)	[BRL mn] [BRL mn]				308 214	315 306	27 -						
Fluff capacity addition (Limeira) (-) ICMS credits monetization	[BRL mn] [BRL mn]				196 (260)	294 (260)	-						



Appendix

Implicit BHKP price calculation



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With Cerrado's addition, we expect Suzano to monetize even more its energy surplus

Suzano "as is" surplus							0.14	[MWh/ton]				
Energy surplus 2023 Cost of energy	[MWh] [BRL/MWh]	2022A 1,483,952 100	2023E 1,423,665 104	2024E 1,482,984 108	2025E 1,482,984 112	2026E 1,482,984 116	2027E 1,482,984 120	2028E 1,482,984 124	2029E 1,482,984 129	2030E 1,482,984 133	2031E 1,482,984 138	2032E 1,482,984 143
Cash generated	[BRL th]	148,395	148,830	161,108	166,747	172,583	178,624	184,876	191,346	198,043	204,975	212,149
Cerrado surplus							0.63	[MWh/ton]				
		2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Energy surplus 2023 Energy contracted	[MWh] [MWh]			441,000 438,000	1,394,128 438,000	1,562,649 438,000						
Cost of energy (agreement)	[BRL/MWh]	315	329	342	354	367	379	393	406	421	435	451
Cost of energy free market	[BRL/MWh]	100	104	108	112	116	120	124	129	133	138	143
Cash generated	[BRL th]	-	-	150,214	262,641	291,445	301,646	312,204	323,131	334,440	346,146	358,261
Suzano to be							0.23	[MWh/ton]				
Cash generated	[BRL th]	148,395	148,830	311,322	429,388	464,029	480,270	497,079	514,477	532,484	551,121	570,410

□ Price of 100 BRL/MWh in the energy free market

Key assumptions:

- Suzano's guidance of MWh Generation per ton of pulp produced
- Annual sale of 50 MWm at BRL 315 / MWh (auction done in 2022, as stated in a material fact of May/2022)

Tax benefits analysis

MP 1152: a huge change for Suzano, approved in May/23

Provisional Measure 1152:

"The terms and conditions of a transaction with a related party shall be established in accordance with those that would happen between unrelated parties in comparable transactions"

Arm's Length Principle

2019

24-32 current tax rate: 25%

16-22 avg. current tax rate: 8%

2021

2022

SUDAN and SUDENE: the new big deal for Suzano

These benefits are set to expire soon (before 2032)...

Why do we expect their renewal in the short term?



Workers' Party's political platform



Government's electoral basis



Bill 4.416/2021 approved in Aug/23

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2016

Appendix

2017

Tax benefits analysis



Hedging policy: comfortable positions with plain vanilla instruments



Source: Suzano's IR

Stock price and buybacks

Stock price (In BRL) and average prices of the programs (BRL/share)



Multiples comparison

Looking at the raw multiple, Suzano seems fairly-priced EV/EBITDA ly Fwd comparison - Klabin -----Suzano -----CMPC 16 Suzano: 3% discount 14 Klabin: 8% discount CMPC: 2% discount 12 10 8 6 4 2 0 jan/18 jan/20 jan/22 dec/23

However, if we adjust for Cerrado, story changes

Suzano adj. multiple	Unit	
Current equity value	[BRL mn]	67,575
(-) Cerrado Capex	[BRL mn]	(17,104)
(+) Net debt	[BRL mn]	57,486
(=) EV adj.	[BRL mn]	107,957
(+) 2024 paper EBITDA	[BRL mn]	3,782
(+) Pulp EBITDA ex. Cerrado	[BRL mn]	16,204
(=) 2024 adj. EBITDA	[BRL mn]	19,986

EV/EBITDA adj.	[x]	5.4
discount (%)	[%]	23%
1	We see the market failing to correctly price-in Cerrado	•

Historic EV/ton

EV/ton (in USD 2023 terms)

We see the stock trading at its lowest EV/ton after the merge

— 🕖 Fibria suzano 4500 4,194 4000 3500 **Cerrado Project** 3000 2,922 2,883 2,598 2,572 2500 2,025 2000 1,864 1,816 1.594 1,510 1500 1,473 .471 1,287 1,223 Fibria Horizonte 2 1,064 1,041 1000 500 0 2024E 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020 2021 2022 2023



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Comparable companies for multiples

	Country	Operations	% of pulp on rev.	Publicly listed
V suzano		Market BHKP, Paper	83%	
C Eldorado Brasil		Market BHKP	100%	\times
CENIBRA®		Market BHKP	100%	\times
cmpc 🛩	*	Market BHKP, BSKP, paper	40%	
Klabin	S	Market BHKP, BSKP, paper	35%	
UPM	+-	Market BHKP, BSKP, paper, energy	15%*	
International Paper		Market BHKP, BSKP, paper	15%	\checkmark
COPEC	storaenso irani	Market Pulp represents < 10% of	fsales	

Comparable companies for financials*



DCF: FCFF and WACC x g

Unit	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	20	32E
[BRL mn] [BRL mn] [BRL mn]	7,444 (577,108) 6,866,928	10,645 (608,806) 10,036,197	11,347 (640,783) 10,706,459 1	13,749 (669,573) 3,079,569	14,660 (695,939) 13,963,934	15,623 (719,677) 14,903,264	16,644 (741,049) 15,903,05	17,739 (760,29 5 16,978,9	18,886 1) (777,61 38 18,108,1	5 19, 5) (793 26 19,12	922 3,214) 2 8,625
[BRL mn]	6,703	7,527	8,030	9,810	10,473	11,177	11,927	12,734	13,58	14,	346
[BRL mn] [BRL mn] [BRL mn] [BRL mn] [BRL mn]	8,401 (18,517) 530 284 (198)	9,495 (14,340) (1,017) (288) 7	10,088 (9,569) (596) (261) 6	10,303 (9,307) (758) (221) 6	10,478 (9,575) (325) (103) 7	10,656 (9,881) (337) (105) 7	10,841 (10,197) (349) (107) 7	11,034 (10,524 (362) (109) 7	11,238) (10,863 (375) (112) 8) (11, (11, (3 (1)	453 175) 85) 25) 8
[BRL mn]	(2,797)	1,384	7,698	9,832	10,955	11,518	12,122	12,780	13,476	5 14	,122
[BRL mn]			7,314	8,434	8,484	8,054	7,652	7,284	6,935	6,	561
[x]			0.5	1.5	2.5	3.5	4.5	5.5	6.5	7	7.5
6	0,718 2,255		With fisca benefits	l W/O fis benefi	its			Perpe	tuity grov	⁄th	
3 18	6,082	MACC	10 80/	10 7%			4.5%	4.0%	3.5%	3.0%	2.5%
8	6,448	WACC	10.0%	10.37	。 [uoi	(1.0%)	100.9%	82.0%	66.4%	53.2%	42.0%
147,	,165,972	Ke	15.2%	15.0%	nct 0						
(57,4	485,737)	Beta	1.00	0.96	red	(0.5%)	75.4%	60.2%	47.4%	36.5%	27.1%
89,5	574,902	Country Risk Premium	4.6%	4.6%	dse (0.0%	54.2%	41.8%	31.2%	22.0%	14.0%
1,289	9,352,015	Equity Risk Premium	5.0%	5.0%	Cre	0.5%	36 3%	26.0%	171%	9 7%	2.5%
R\$	69.47	US Risk-Free	4.7%	4.7%		0.570	50.570	20.070	17.170	J.J /0	2.570
RS 	52.41 2.6%	Kd after-tax	5.68%	5.00%	VAC %	1.0%	21.0%	12.4%	4.8%	(1.8%)	(7.7%)
	Unit [BRL mn] [BRL mn]	Unit 2023E [BRL mn] 7,444 [BRL mn] 6,866,928 [BRL mn] 6,866,928 [BRL mn] 6,703 [BRL mn] 6,703 [BRL mn] 8,401 [BRL mn] (18,517) [BRL mn] (18,517) [BRL mn] 284 [BRL mn] 284 [BRL mn] (198) [V] (198) [BRL mn] (198) [V] (198) [BRL mn] (198) [V] (105,333) 89,574,902 1,289,352,015 R\$ 69,47	Unit 2023E 2024E [BRL mn] 7,444 10,645 [BRL mn] 6,366,928 10,036,197 [BRL mn] 6,703 7,527 [BRL mn] 6,703 7,527 [BRL mn] 8,401 9,495 [BRL mn] (18,517) (14,340) [BRL mn] 530 (1,017) [BRL mn] 284 (288) [BRL mn] (198) 7 [BRL mn] (198) 7 [BRL mn] (198) 7 [BRL mn] (2,797) 1,384 [back] 14,7,165,972 (5,7,485,737))	Unit 2023E 2024E 2025E [BRL mn] 7,444 10,645 11,347 [BRL mn] 6,866,928 10,036,197 10,706,459 I [BRL mn] 6,703 7,527 8,030 [BRL mn] 6,703 7,527 8,030 [BRL mn] 8,401 9,495 10,088 [BRL mn] 10,530 (1,017) (596) [BRL mn] 284 (288) (261) [BRL mn] 284 (288) (261) [BRL mn] 198) 7 6 [BRL mn] (198) 7 6 [BRL mn] (2,797) 1,384 7,698 [BRL mn] (2,255 3,50% Ke<	Unit 2023E 2024E 2025E 2026E [BRL mn] 7,444 10,645 11,347 13,749 [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 [BRL mn] 6,703 7,527 8,030 9,810 [BRL mn] 8,401 9,495 10,088 10,303 [BRL mn] 18,517) (14,340) (9,569) (9,307) [BRL mn] 284 (288) (261) (221) [BRL mn] 284 (288) (261) (221) [BRL mn] (198) 7 6 6 [BRL mn] (198) 7 6 6 [BRL mn] (2,797) 1,384 7,698 9,832 [BRL mn] (2,797) 1,384 7,698 9,832 [BRL mn] (2,797) 1,384 7,698 9,832 [BRL mn] (2,797) 1,384 7,698	Unit 2023E 2024E 2025E 2026E 2027E [BRL mn] 7,444 10,645 11,347 13,749 14,660 [BRL mn] (577,108) (608,806) (640,783) (669,573) (695,939) [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 13,963,934 [BRL mn] 6,703 7,527 8,030 9,810 10,473 [BRL mn] 8,401 9,495 10,088 10,303 10,478 [BRL mn] 18,517) (14,340) (9,569) (9,307) (9,575) [BRL mn] 284 (288) (261) (221) (103) [BRL mn] (198) 7 6 6 7 [BRL mn] (2,797) 1,384 7,698 9,832 10,955 [BRL mn] (2,797) 1,384 7,698 9,832 10,955 [BRL mn] (2,797) 1,384 7,698 9,832 10,955 [BRL mn] (05,333) 8	Unit 2023E 2024E 2025E 2026E 2027E 2028E [BRL mn] 7,444 10,645 11,347 13,749 14,660 15,623 [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 13,963,934 14,903,264 [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 13,963,934 14,903,264 [BRL mn] 6,703 7,527 8,030 9,810 10,473 11,177 [BRL mn] 8,401 9,495 10,088 10,303 10,478 10,656 [BRL mn] (18,517) (14,340) (9,569) (9,307) (9,575) (9,881) [BRL mn] 284 (288) (261) (221) (103) (105) [BRL mn] (198) 7 6 6 7 7 [BRL mn] (2,797) 1,384 7,698 9,832 10,955 11,518 [M] (12,255 3,50% 15.0% 10,3% (0,5%)	Unit 2023E 2024E 2025E 2026E 2027E 2028E 2029E [BRL mn] 7,444 10,645 11,347 13,749 14,660 15,623 16,644 [BRL mn] 6,866,928 10,036,197 10,706,459 13,079,569 13,963,934 14,903,264 15,903,05 [BRL mn] 6,703 7,527 8,030 9,810 10,473 11,177 11,927 [BRL mn] 6,703 7,527 8,030 9,810 10,473 10,656 10,841 [BRL mn] 6,703 7,527 8,030 9,810 10,473 11,177 11,927 [BRL mn] 6,703 (1,017) (14,340) 19,569) (9,507) (9,575) (9,881) (10,197) [BRL mn] 284 (288) (261) (221) (103) (105) (107) [BRL mn] (198) 7 6 7 7 7 15 2.5 3.5 4.5 [BRL mn] (2,797) <	Unit 2023E 2024E 2025E 2026E 2027E 2028E 2029E 2030E [BRLmn] 7,444 10,645 11,347 13,749 14,660 15,623 16,644 17,739 [BRLmn] 6,866,928 10,036,197 10,706,459 13,079,569 13,963,934 14,903,264 15,903,055 16,978,9 [BRLmn] 6,703 7,527 8,030 9,810 10,473 11,177 11,927 12,734 [BRLmn] 8,401 9,495 10,088 10,303 10,478 10,656 10,841 11,034 [BRLmn] 1(16,517) (14,340) (9,569) (9,307) (9,575) (9,881) (10,197) (10,524 [BRLmn] 284 (288) (261) (221) (103) (105) (107) (109) [BRLmn] (198) 7 6 6 7 7 7 7 [BRLmn] (2,797) 1,384 7,698 9,832 10,955 11,518	Unit 2023E 2024E 2025E 2026E 2027E 2028E 2029E 2030E 2031E [BRL mn] 7,444 10,645 11,347 13,749 14,660 15,623 16,644 17,739 18,886 [BRL mn] 6,866,928 10,036,197 10,706,459 13,9759 14,903,264 15,903,055 16,978,938 18,108,17 [BRL mn] 6,703 7,527 8,030 9,810 10,473 11,177 11,927 12,734 13,581 [BRL mn] 8,401 9,495 10,088 10,303 10,478 10,656 10,841 11,034 10,224 10,084 [BRL mn] 8,401 9,495 10,088 10,303 10,478 10,656 10,841 11,034 11,238 [BRL mn] 8,401 9,495 10,088 10,307 19,575 (9,881) 10,197 10,524 10,324 10,325 [BRL mn] 284 7,698 9,832 10,955 11,518 12,122 12,	Unit 2023E 2024E 2025E 2026E 2027E 2028E 2029E 2030E 203E

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IRR analysis: good returns



Sources: Team 3. Factset

Appendix

WACC and g composition

	With fiscal benefits	W/O fiscal benefits
WACC	10.8%	10.3%
Ке	15.2%	15.0%
Beta	1.00	0.96
Country Risk Premium	4.6%	4.6%
Equity Risk Premium	5.0%	5.0%
US Risk-Free	4.7%	4.7%
Inflation differential	1.0%	1.0%
Kd after-tax	5.68 %	5.00%
Tax rate	25%	34%

- g = 3.5%
 - LT US CPI + inflation differential 2.5% 1.0%

- Risk-free: 10Y T-bond
- ERP and CRP -> Aswath Damodaran
- Pre-tax Kd -> yield of the emission with the longest maturity* = 7.57%

- Debt weight = 47%
- Equity weight = 53%
- Debt -> 2023 net debt
- Equity -> current market cap
- Lease liabilities were not treated as debt

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			Beta	Computation			
COMPANY	STOCK EXCHANG	E Beta	MKT CAP (th)	Net debt (th)	Tax Rate	Unlev. Beta	Net debt/Mkt cap
Suzano	B3	0.36	65,460,402	57,485,737	34%	0.23	0.9
Klabin	B3	0.44	27,099,000	22,683,000	34%	0.28	0.8
International Paper	NYSE	1.01	12,747.00	7,311	20%	0.69	0.6
CMPC	SSE	1.11	3,917,500	3,592,000	10%	0.61	0.9
Copec	SSE	1.09	7,968,104	7,169,000	10%	0.60	0.9
UPM	NASDAQ	1.01	16,972,790	2,849,000	20%	0.89	0.2

Levered Beta	(Equity Beta)
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Unlevered Beta =

$$\left(1 + \frac{(1 - \tan rate) \times Debt}{Equity}\right)$$

Median	0.61
Damodaran	0.68

SUZB3 Beta	0.96	(without benefits)
SUZB3 Beta	1.00	(with benefits)

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Cost of debt (Kd) - rationale

Option 1: current average interest rate	Option 2: average yield of the recent emissions	Option 3: Yield of publicly-traded bonds	
5.0% a.a.	8.0% a.a.	7.6% a.a.*	
Limitation: does not take into account the current scenario of high interest rates	Limitation: this representes a very small fraction of Suzano's debt emissions	This represents what return debtholders are currently requiring for Suzano	

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Monte Carlo Simulation

We included the same variables of the scenario analysis in the Monte Carlo simulation, yielding comfortable results



Marginal cost vs long-term BHKP sensitivity

Long-term BHKP price shock (USD/ton)



Stock price x BHKP price

We see that the stock antecipates movements in the commodity prices



How does FX rate impact our valuation?

The company has almost all of its revenues in foreign exchange, with many costs in BRL



Year	2023	2024	2025	2026	_
Focus	5.00	5.08	5.11	5.20	
No upside USD	4.46	4.54	4.57	4.66	
L BANCO CI	ENTRAL _		Focus o de Mercado	2 σ be conser	low nsus

USD/BRL historical data:



Sources: Suzano's IR, Team 3

How does FX rate impact our valuation?

The company has almost all of its revenues in foreign exchange, with many costs in BRL



Cash cost		Other ex	penses
Logistics (Wood)	USD+BRL	Freight cost	USD
Harvesting (Wood)	BRL	SG&A	BRL
Fixed	BRL		
Chemicals	USD		

Lower pulp prices due to weaker demand - China

We sensitized our demand projections for weaker chinese growth

BHKP demand



We sensitized the marginal cost for chinese growth...

Chinese growth will be important to dilute the recent supply additions, however, our long term price stays unchanged



... which leads to lower short-term prices and a farther recovery

Weaker prices result in a TP of BRL 47.5, showing the destructive impact of a very depressed China scenario



Appendix

Why do we see low impact from raw materials cost changes?

As these costs impact all producers, we see them reflecting in higher prices, resulting in low a impact for our valuation



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How do we view the possibility of lower prices due to cheaper supply?

In our view, a rational industry should follow the incentive price, which we saw happening in the past



Low cost producers keeps margins

We don't see a big risk of unplanned downtimes



What about climate change?

We see the locations that Suzano operates as the least impacted by climate changes



What is the trigger for the stock to move to our target?

We view Cerrado project startup and pulp prices pushing the stock in the short-term



Appendix

What would change our recommendation?

As our thesis is based on the growing sector and the management efficiency, changes in this can change our view



Field research



ABTCP International Pulp and Paper Congress

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Important lectures on operational parts of the industry

Conversation with university professors in the area

Great insights into the paper and cellulose industry!