

 **suzano** (SUZB3: B3, SUZ: NYSE)

Last update: Dec 14th, 2023

Recommendation: **BUY**

Target Price: 66.7 BRL

Upside (Last Closing): 27.2%



Suzano in a Nutshell

An undisputed **global leader** in the Pulp & Paper industry

BRL 126 bn
Enterprise Value

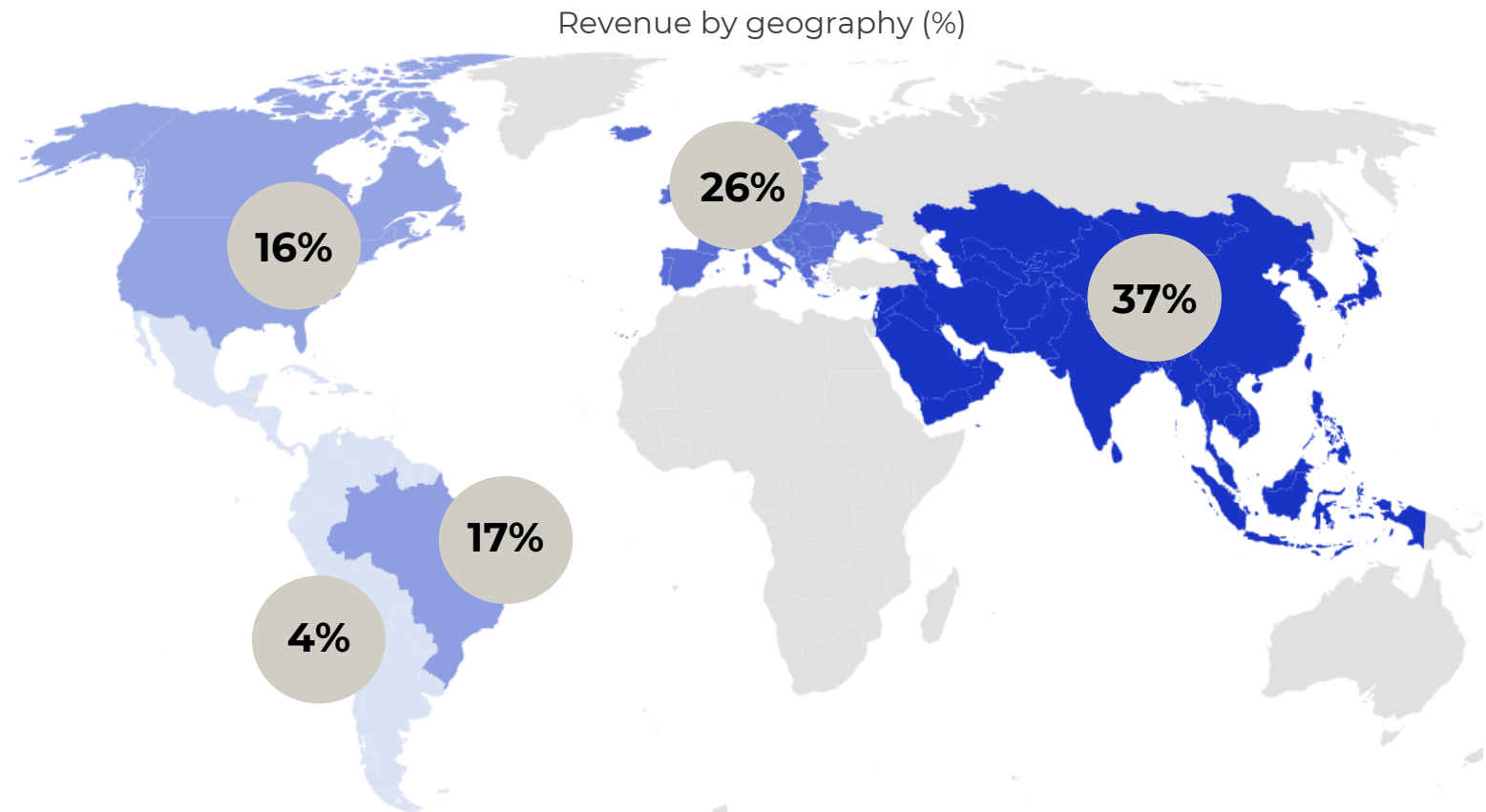
BRL 49.8 bn
2022 Revenue

BRL 29.3 bn
2022 EBITDA

85.7%
Pulp as % of EBITDA

14.3%
Paper as % of EBITDA

- ◆ **30%** of global hardwood pulp capacity
- ◆ Fully **verticalized** operation
- ◆ **11** factories, **3** ports and over **86** countries
- ◆ Over **2.5 mn** ha of land in Brazil



Source: Team 4, Suzano IR

Wood fiber is **part of the solution** to climate change mitigation

England to ban single-use plastic items from October

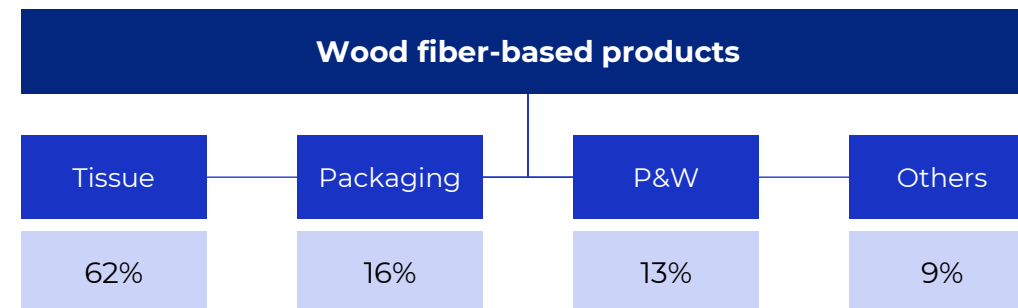
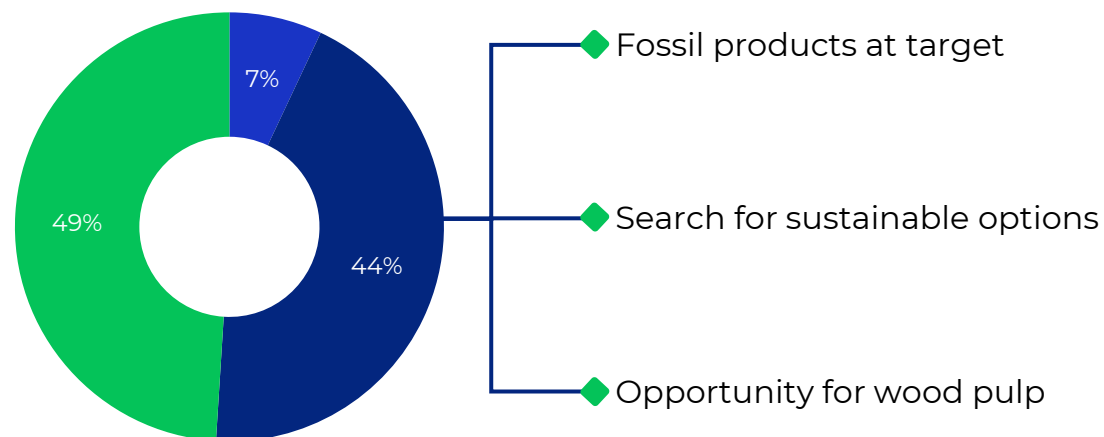


England will ban a range of single-use plastic items in an effort to limit soaring plastic pollution

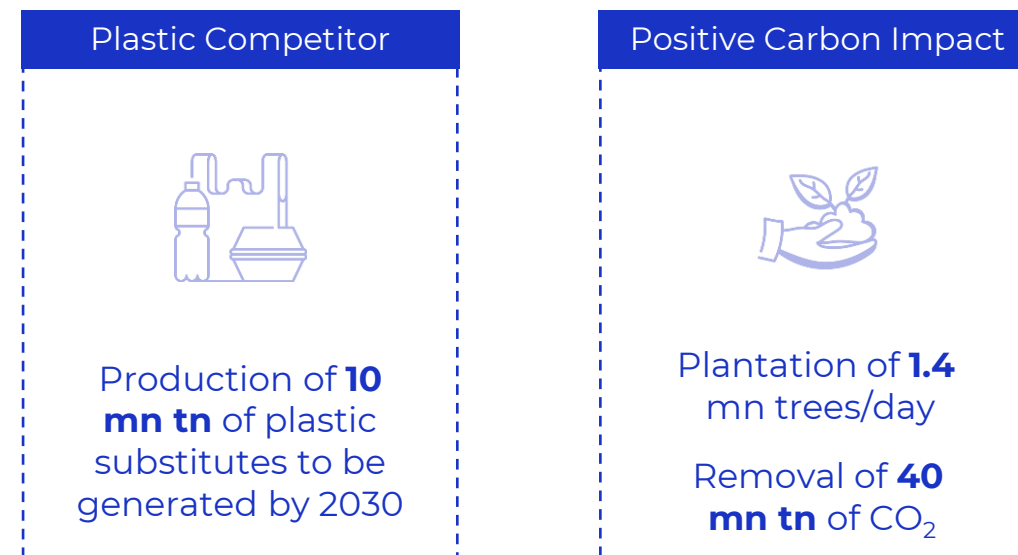
Jan 16th, 2023

Percentage of countries with plastic bans

■ Ban in 2022 ■ Ban prior 2021 ■ No Ban



Suzano's sustainable alternatives



Source: Reuters, Euromonitor, UN, Statista

Investment Summary

We are initiating coverage with a **BUY** and a **66.7 BRL** target price

BUY Recommendation

Current Price

52.4 BRL

Upside: 27.2%

Target Price

66.7 BRL

Supported by four main catalysts:

1.

Suzano's unmatched position in LatAm

2.

Overly pessimistic pulp prices expectations

3.

An even more resilient company post Cerrado

4.

Underrecognized ESG position to benefit from future trends



1. Suzano's unmatched position in LatAm

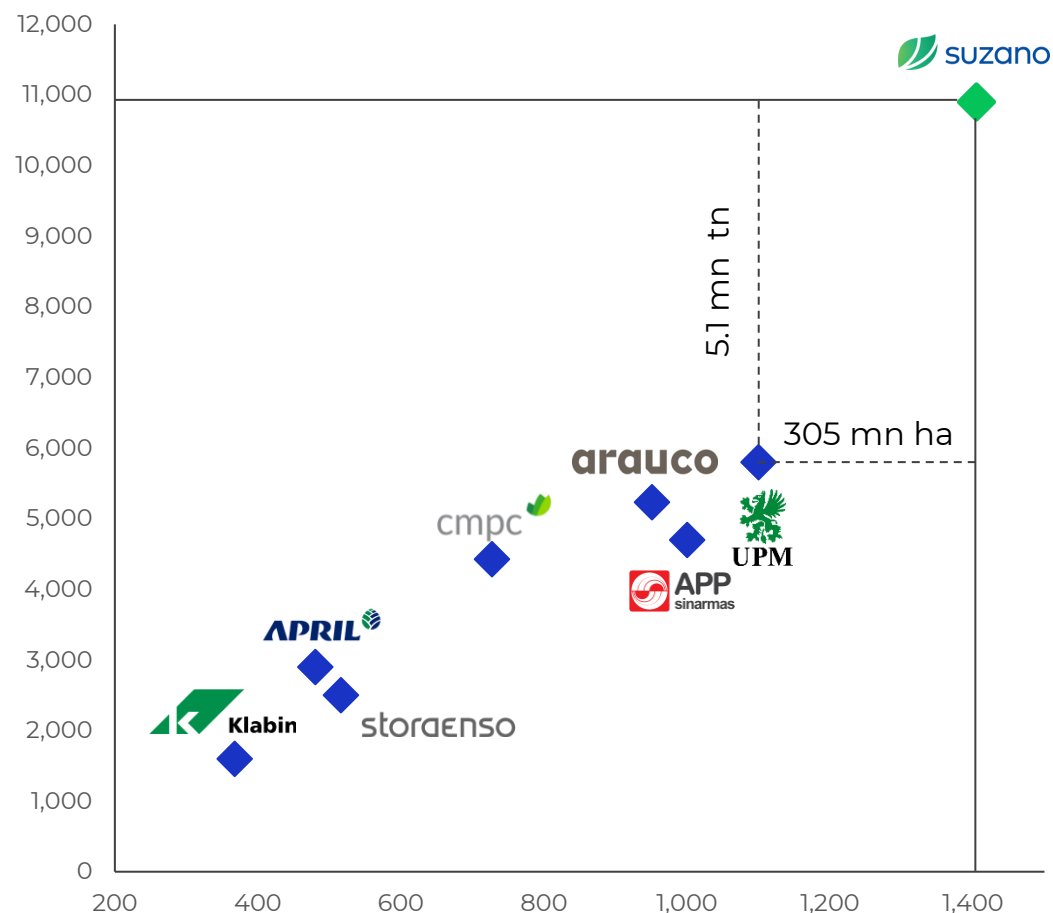
The company holds irreplicable competitive advantages in the P&P industry, ensuring lower costs

Suzano's Unmatchable Positioning

The company holds an **unique position** in the Pulp Market

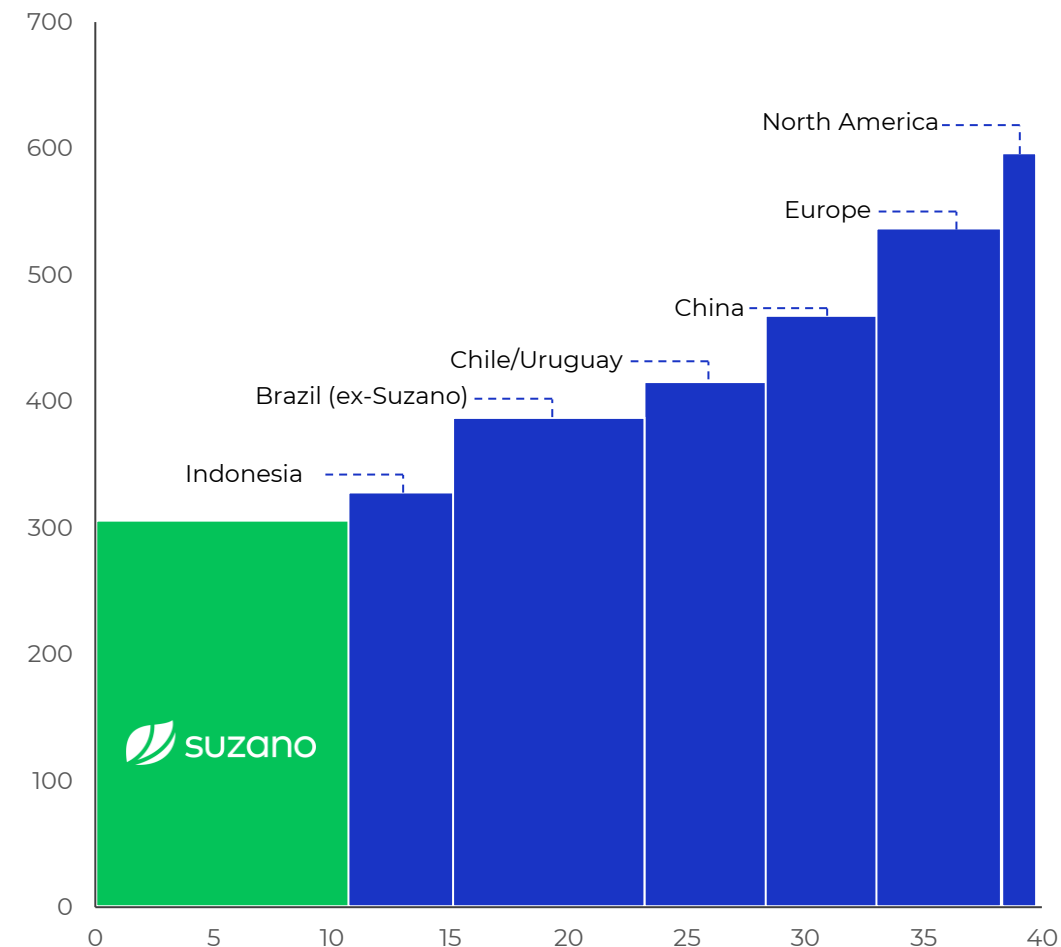
Suzano is the leader player in the Pulp Market

Pulp Capacity (000' tn) x Productive Land (mn ha)



... But it also achieves one of the lowest cash costs

Hardwood Cash Cost (USD/tn)



Source: Team 4, Companies IR, Hawkins Wright

How is that Possible?

We developed a **proprietary attractiveness index** to address this question



Proprietary Climate Attractiveness Analysis

Brazil is the only country that offers:

- I. Excellent climate conditions
- II. Adequate infrastructure
- III. Certified land availability
- IV. Geopolitical Stability



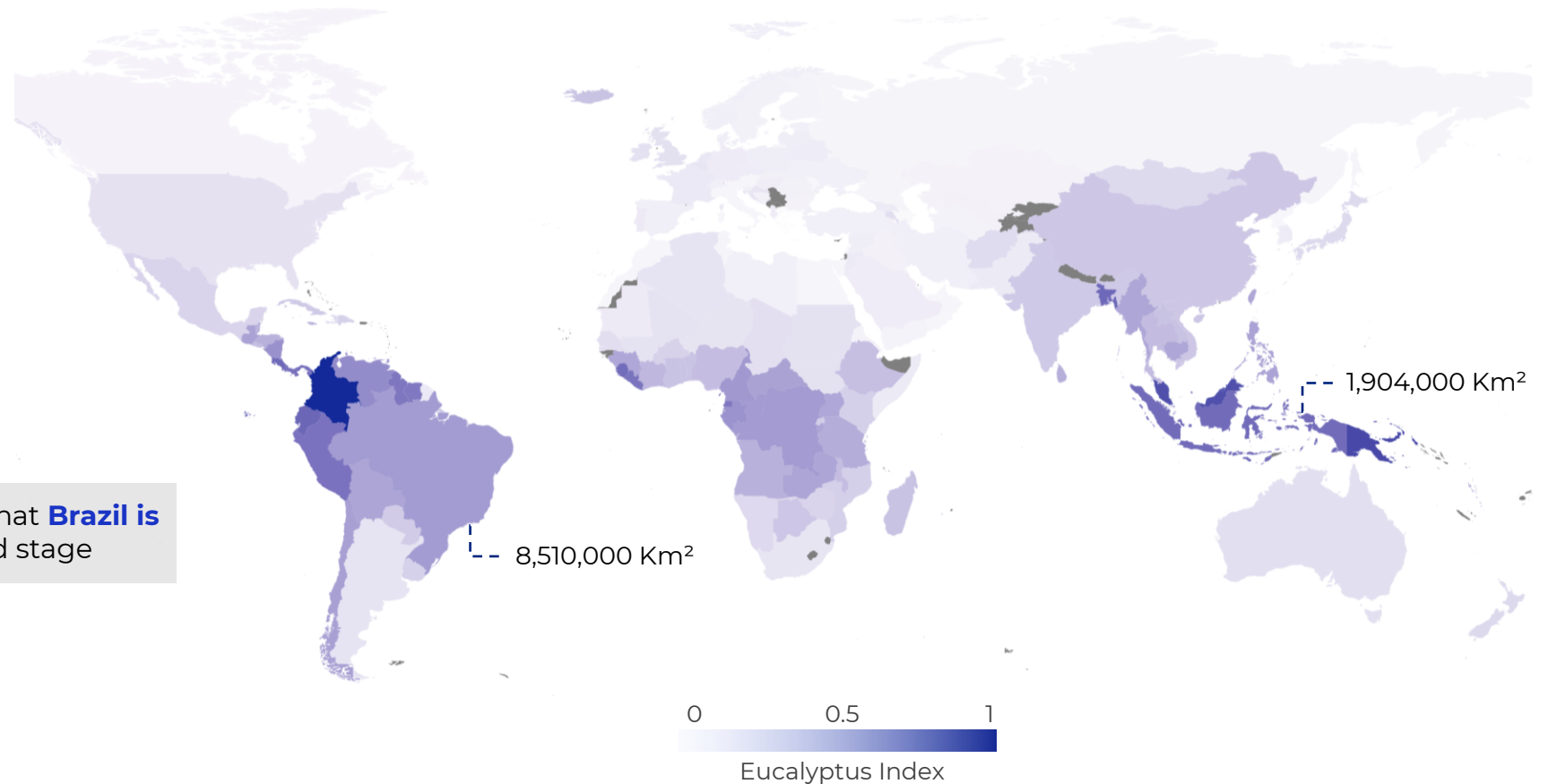
Our proprietary index indicates that **Brazil is very well positioned** in the world stage



Higher productivity



Shorter plantation cycles



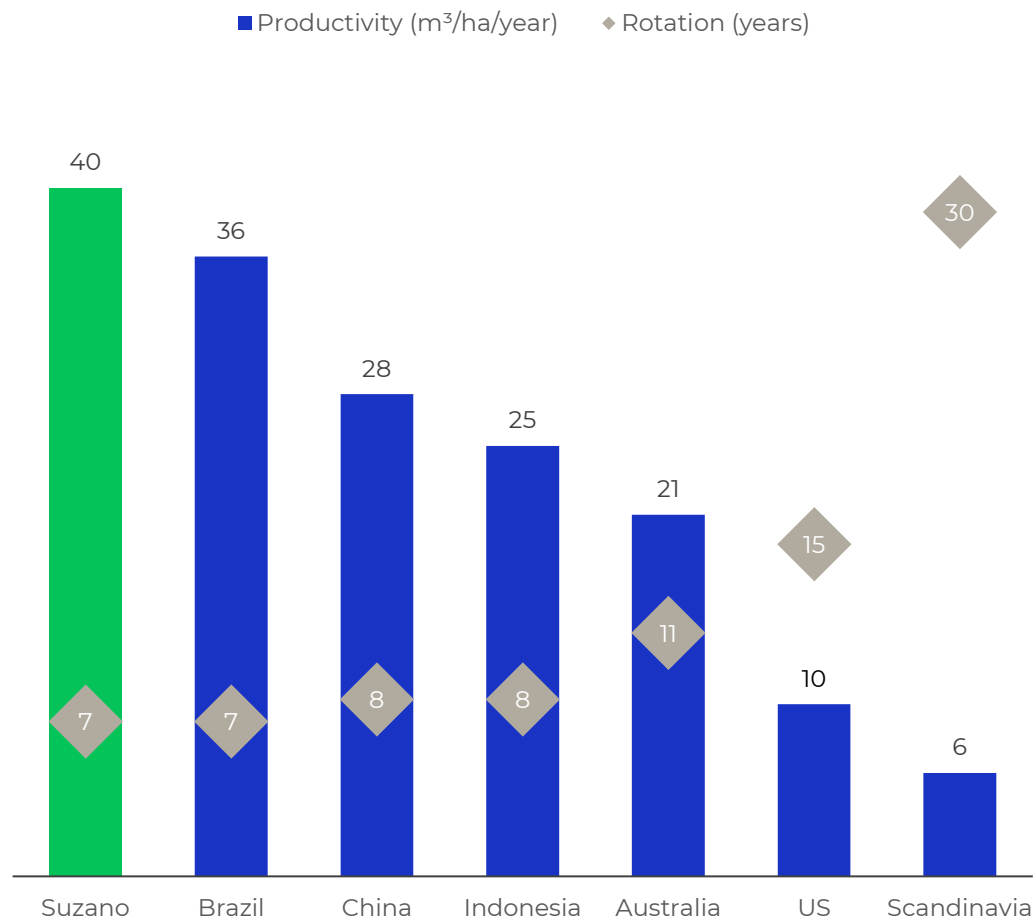
Source: Team 4, The World Bank

Cultivating Advantages

How is this positioning translated into **higher efficiency**?

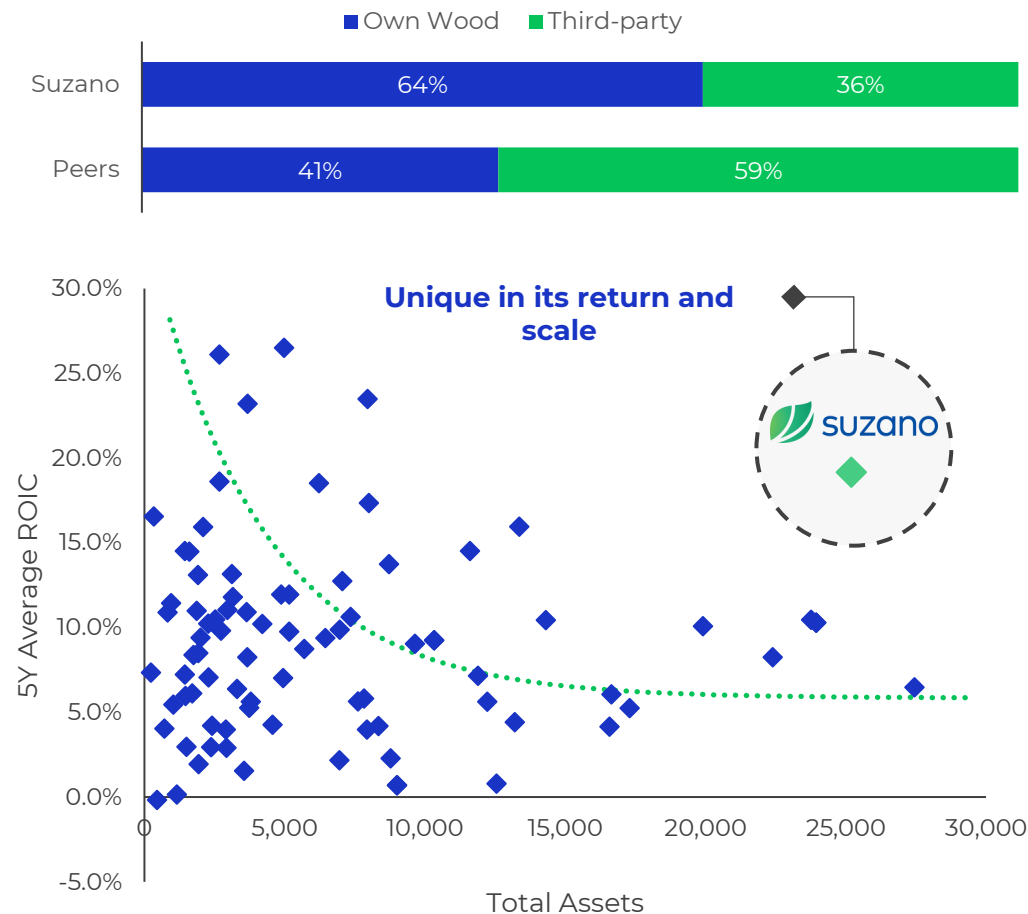
Suzano has a higher productivity and shorter eucalyptus cycle

Eucalyptus Wood Productivity



...And by using its own wood, Suzano achieves a superior ROIC

Pulp & Paper Companies ROIC vs Total Assets



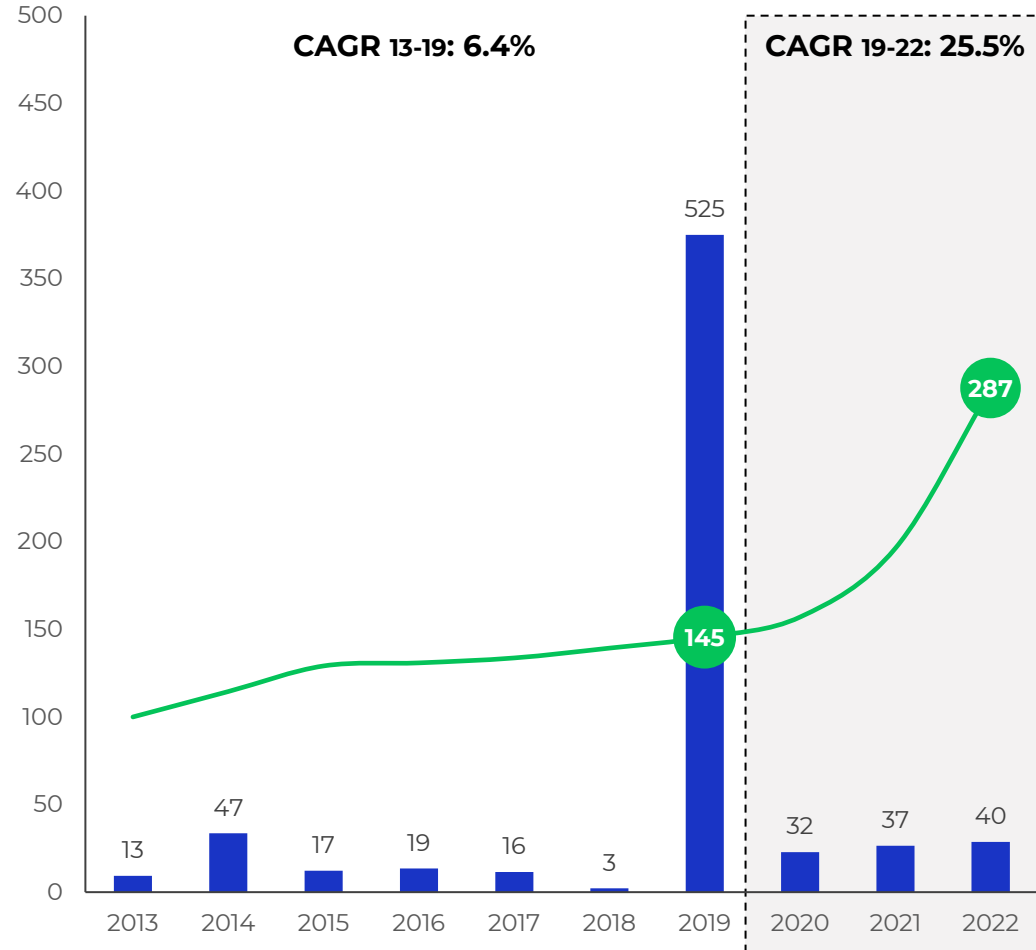
Source: Team 4, Ibá, LSEG Refinitiv, Companies IR

An Unreachable Moat

Why can **no other player** achieve Suzano's advantages?

Farmland prices have witnessed considerable growth since 2020

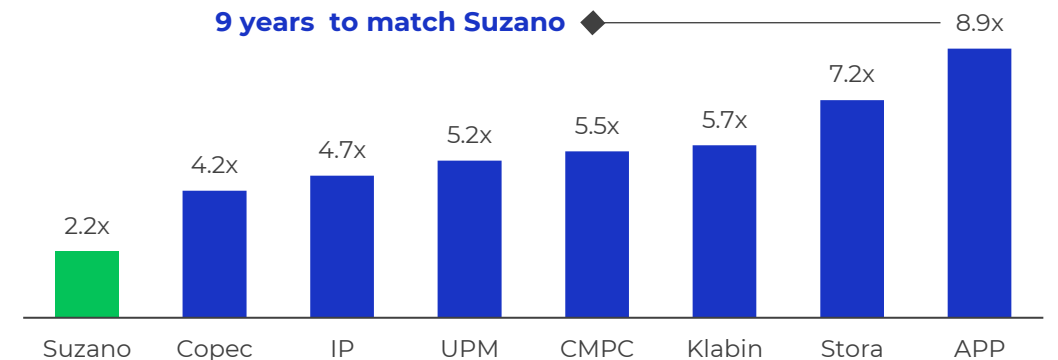
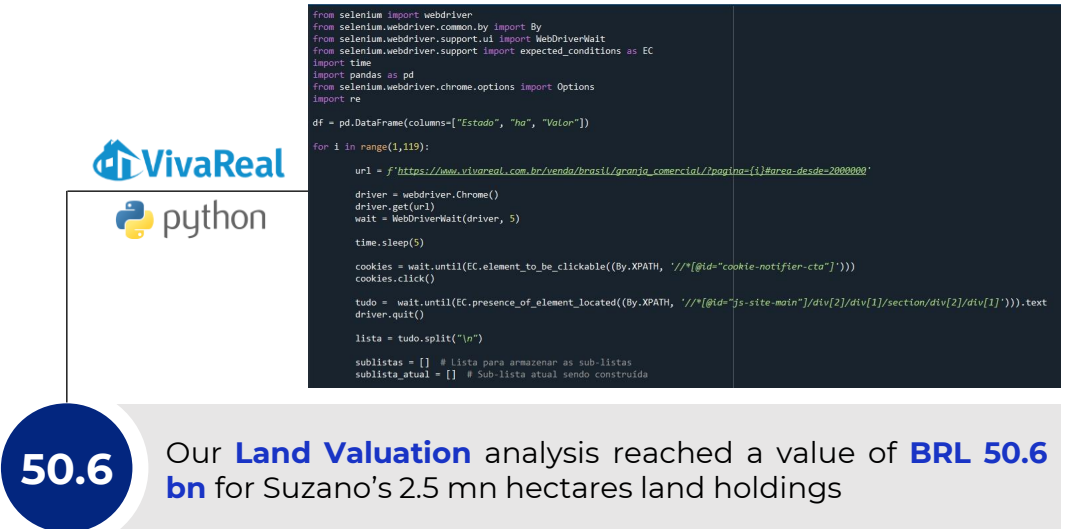
Farmland Average BRL Price Index (base 100)



Source: Team 4, S&P Global, Viva Real

How difficult is it to reach Suzano's amount of land?

Suzano's Land Valuation/Peers EBITDA



Unpriced Competitive Advantages

With all these land advantages, Suzano **isn't receiving the recognition** it deserves

The company is trading below the historical average, and given its excellent positioning, we believe the company should command a premium
Suzano's NTM EV/EBITDA Premium to Pulp Peers Median



Source: Team 4, Factset



2. Overly pessimistic pulp price expectations

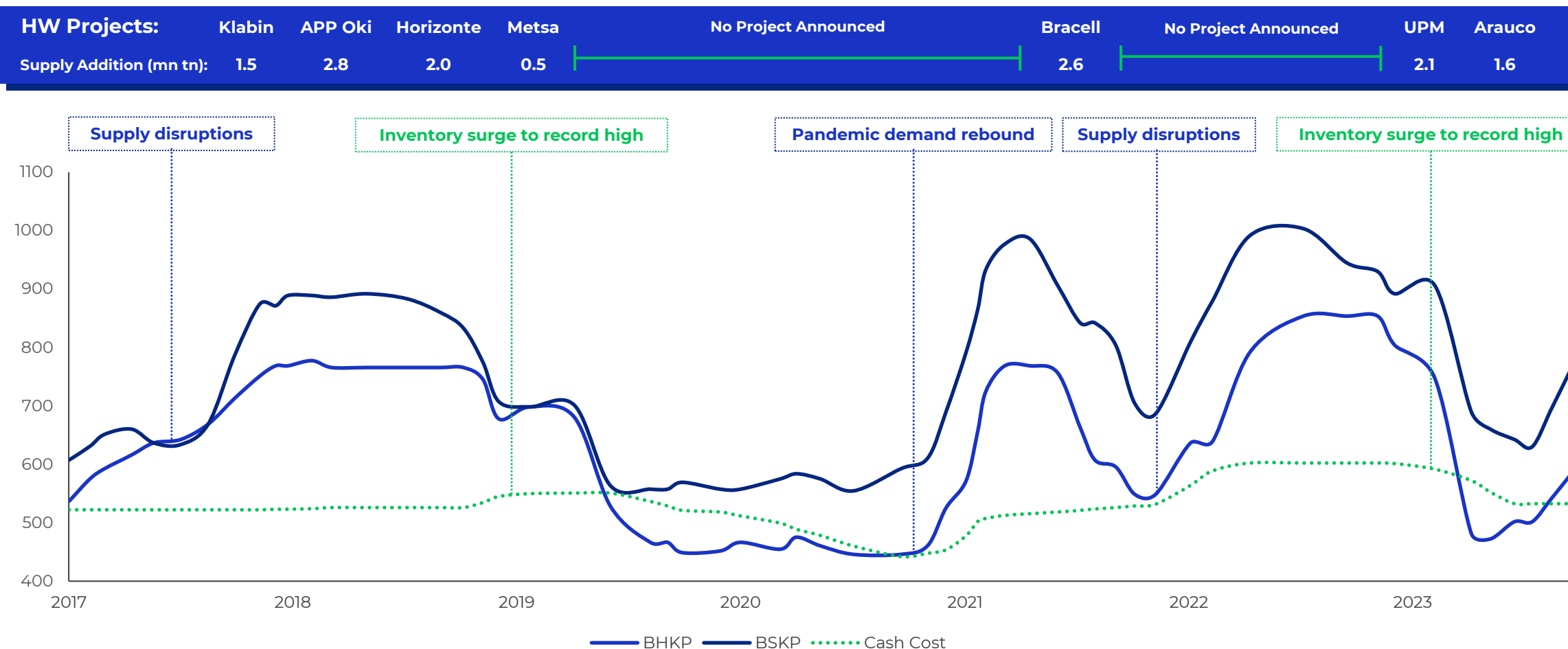
With a challenging short-term outlook, the market has understated the long-term perspective

Pulp Cycle 101

The **Pulp Market** behaves in **cycles** of supply additions and disruptions

High prices push for new capacity and low price levels take out capacity from high cost producers

Hardwood (BHKP) and Softwood (BSKP) prices (USD/tn) vs Industry Marginal Cost (USD/tn)



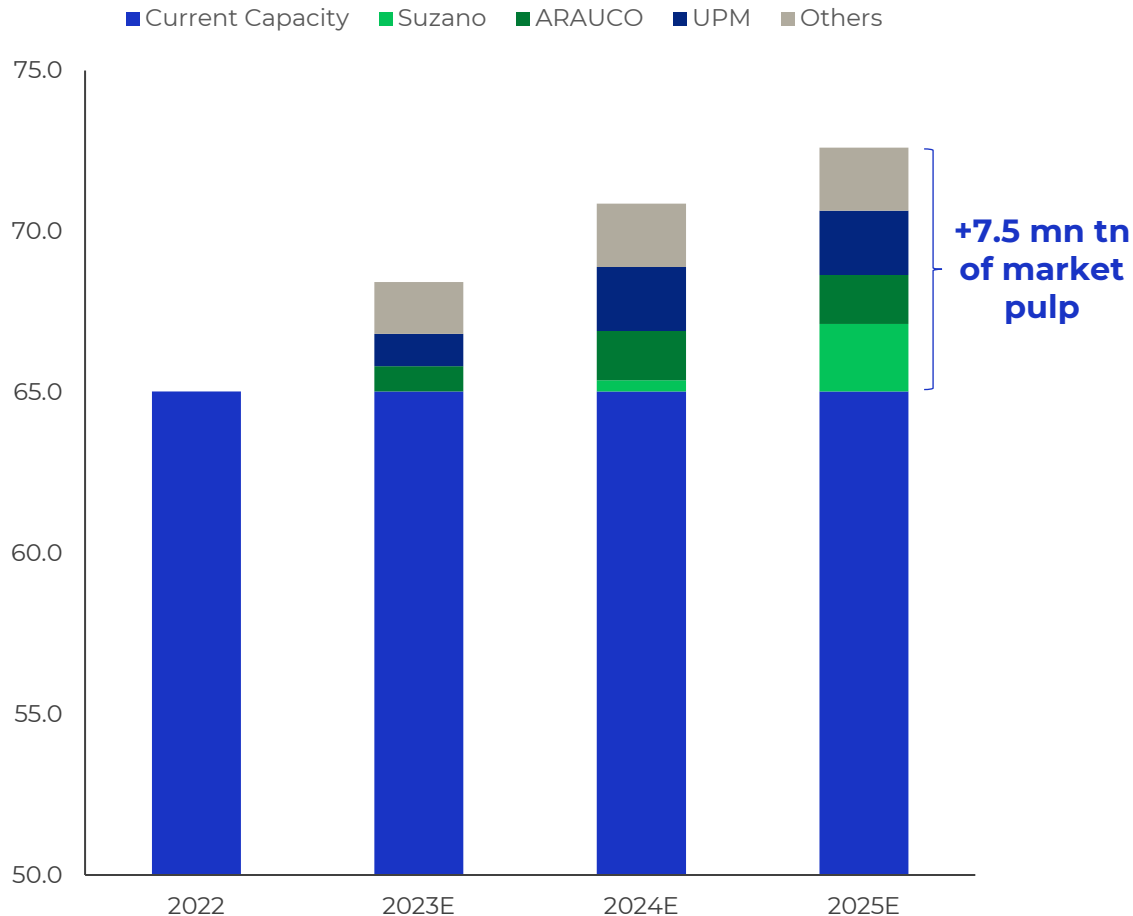
Source: Team 4, RISI

Oversupply in Sight

LatAm pulp plants will bring an **oversupply**, but not a **long-term imbalance**

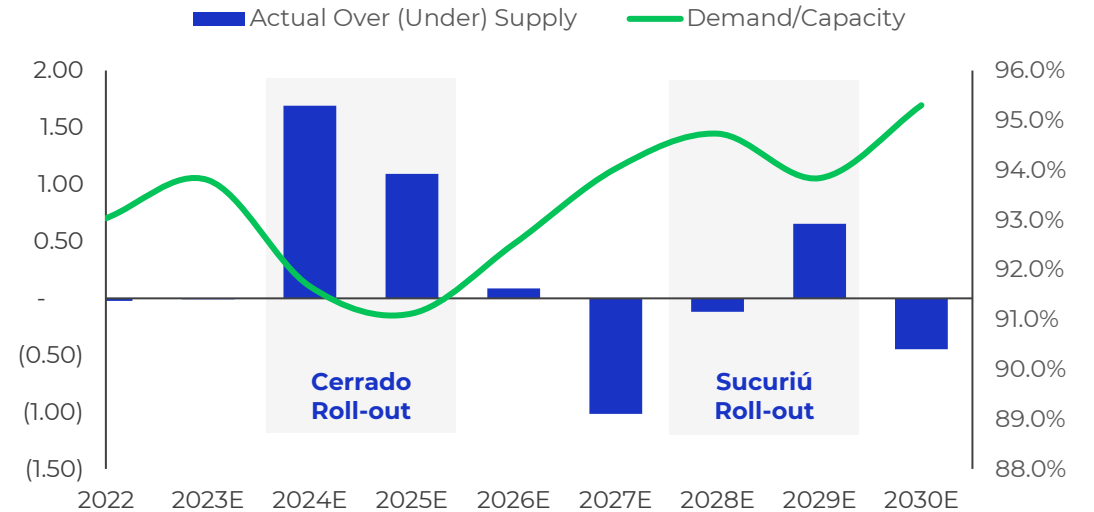
We expect a significant increase in the market pulp capacity

Supply of Market Pulp (mn tn)



But we see a balanced market by 2026, with resilient drivers

Expected Over/(Under) Supply (mn tn)



Long-term catalysts for P&P markets

1.

Will there be space for new capacity additions in LatAm post the oversupply?

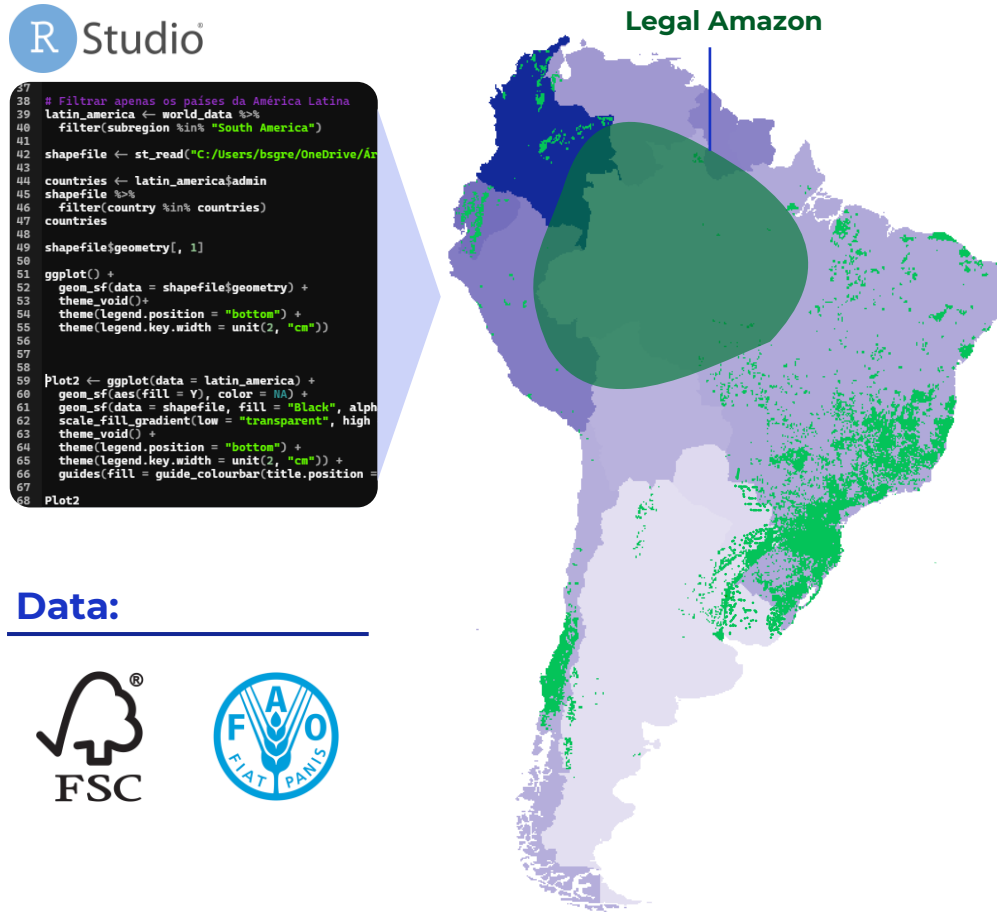
2.

How will key demand drivers develop?

What About New Projects?

Our proprietary analysis suggests there is **no wood supply** for new pulp projects

Certified wood production is already at all available locations
Current Eucalyptus Plantations



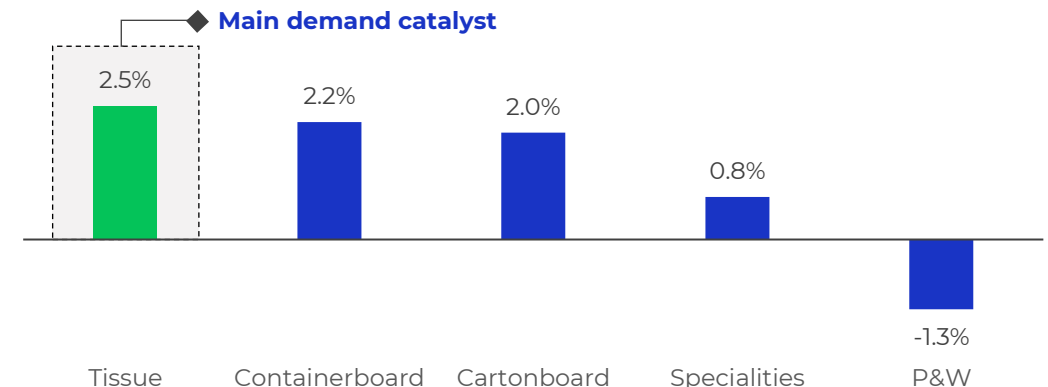
Data:



No country has space for more than one big Pulp project
Current Wood Availability in LatAm

	Brazil	Other LatAm
Eucalyptus Plantations (mn ha)	3.0	2.4
Estimated Max Pulp Capacity (mn tn)	26.5	14.9
Current Capacity (mn tn)	25.1	12.7
Available Capacity (mn tn)	1.4	2.2
Number of "Cerrados"	0.6x	0.8x

Tissue represents the biggest opportunity in the Pulp Market
Pulp world demand CAGR22-32 by type (%)

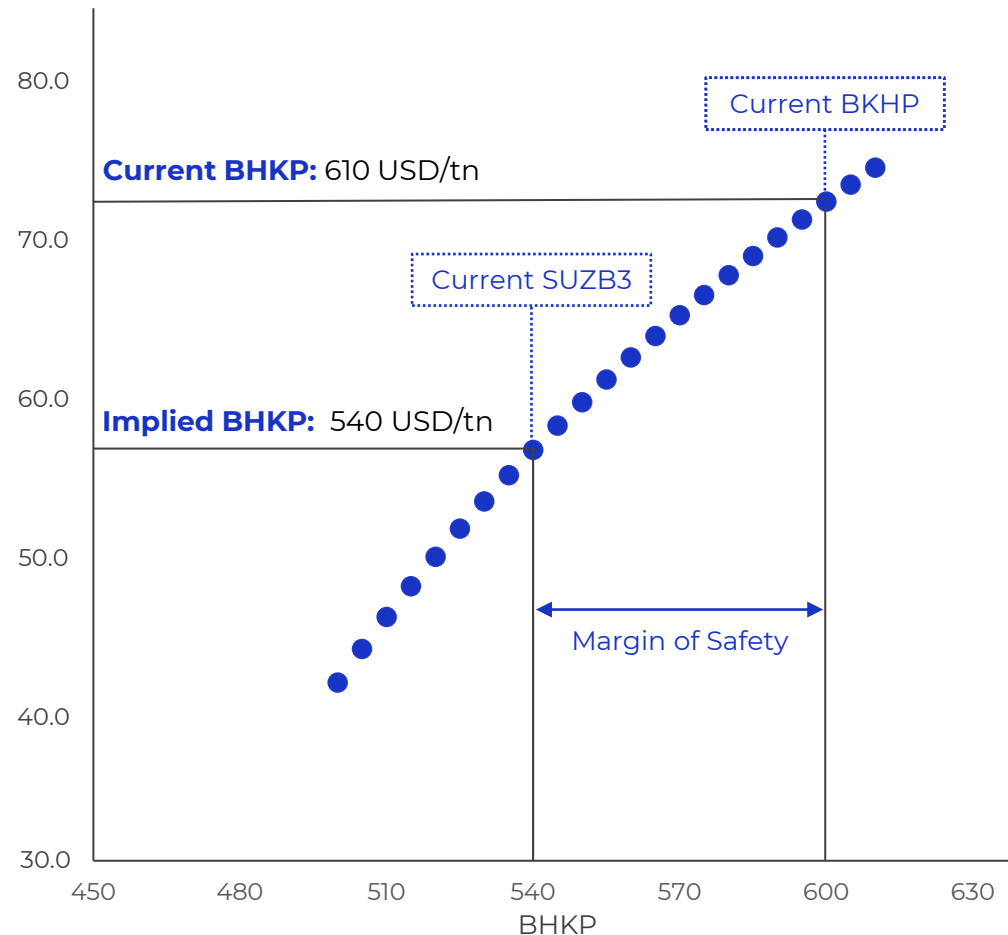


Source: Team 4, Global Forest Watch, AFRY, FAO

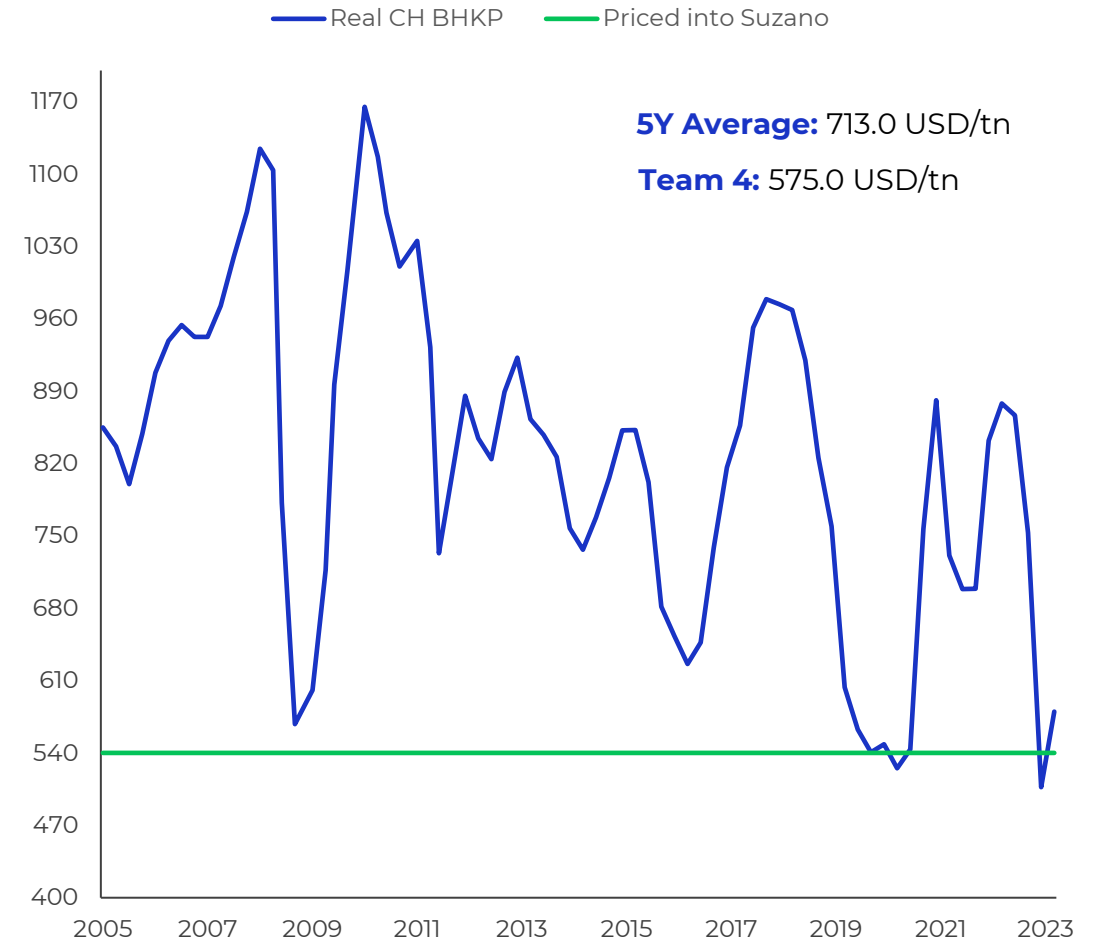
Implicit BHKP Price

Suzano is **trading** an implicit Pulp price of 540 USD/tn, well **below our estimates**

Our implicit Pulp price analysis shows a very discounted Suzano
Suzano Share Price (BRL) vs Implicit Pulp Price (USD/tn)



Current price levels are unsustainably low from a historical view
Real CH BHKP (USD/tn Adjusted by US CPI to 2023 Prices)



Source: Team 4, Suzano IR



3. Cerrado Project: resilient cash harvesting, even in dry seasons

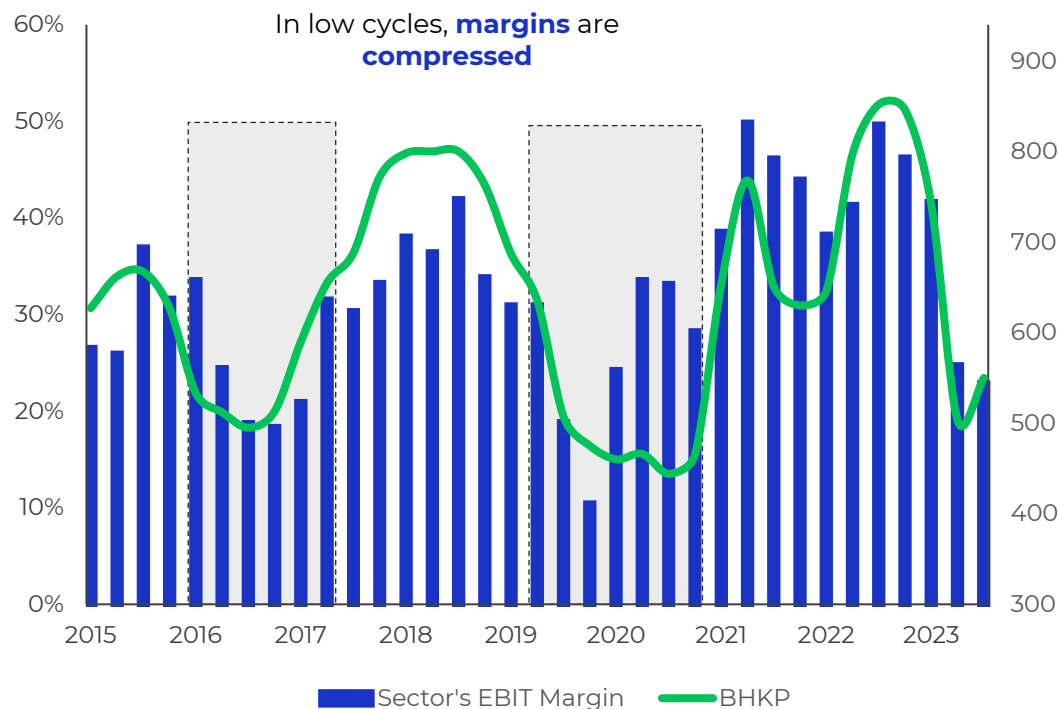
Suzano's new project enhances not only production but also efficiency gains and results protection

How Can Suzano Overcome Pulp Cycles?

With cyclical prices, **minimizing cash cost** is the key for resilient results

Variations in prices are critical drivers for sector's performance

BHKP (USD/tn) x Sector's EBIT Margins



With Cerrado, Suzano masters not only production, but also efficiency, leading to a reduction in Cash Cost



Addition of 2.55 mn tn, 20% of current capacity



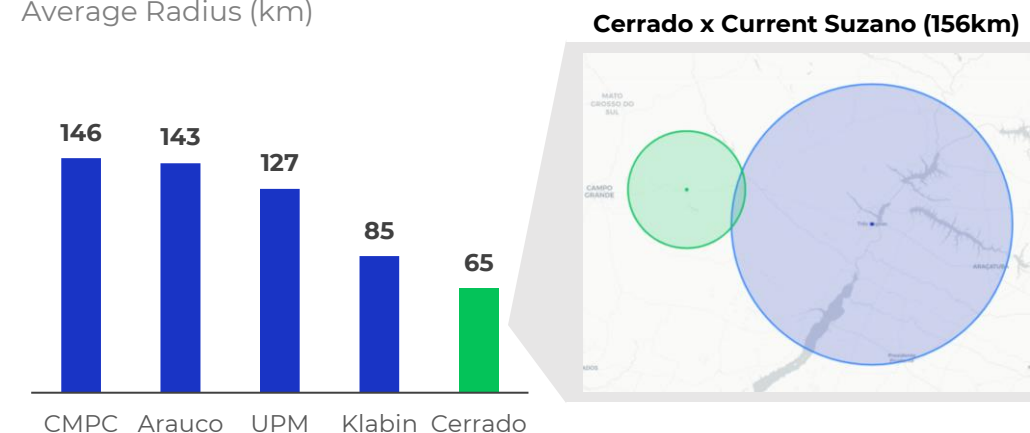
Energy generation of 0.63 MWh/tn (vs 0.14MWh/tn)



New logistic solutions, including hexatrains

With average radius reductions, Cerrado leads the sector

Average Radius (km)



Source: Team 4, Companies IR, Refinitiv

Cerrado's Performance

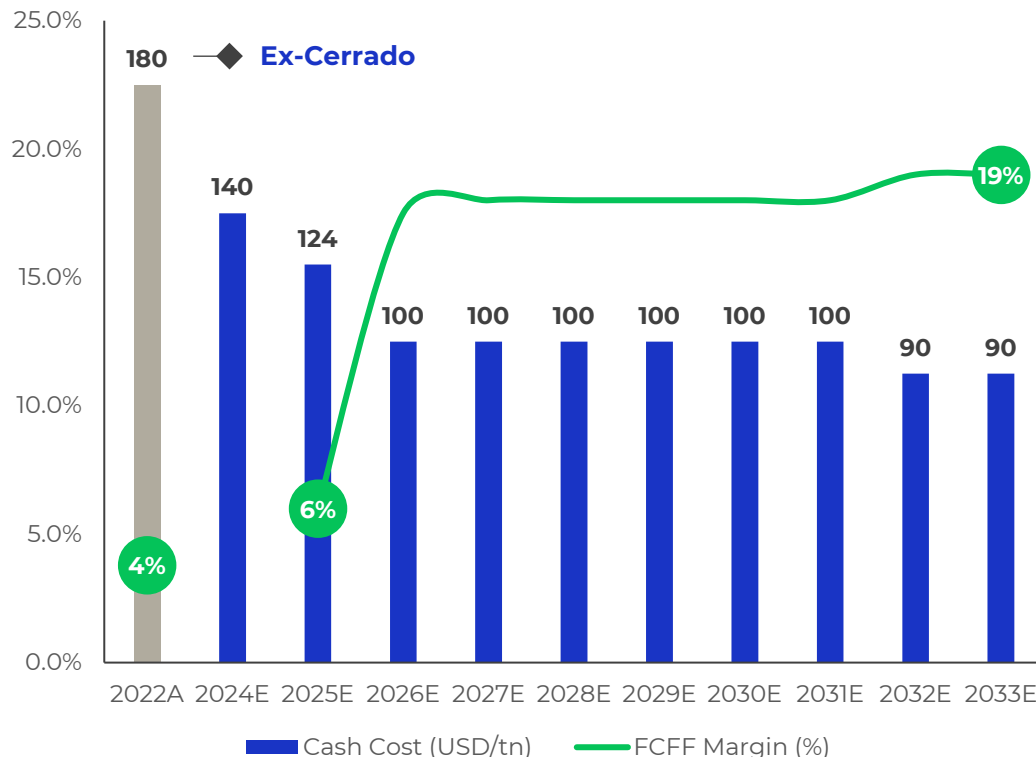
Cerrado achieves strong **cash generation** and creates **value**, even in low cycles

Lower costs and higher margins than current mills

Cash Generation with Cerrado



With a **pulp price** of **\$450**, Cerrado still generates cash



... But beyond cash generation, is Cerrado a good investment?

Cerrado IRR Considering Variations on BHKP (USD/tn) and USD/BRL

		USD/BRL				
		4.4	4.7	5.0	5.3	5.6
BHKP (USD/tn)	525	8.5%	9.9%	11.2%	12.4%	13.5%
	550	10.1%	11.5%	12.7%	13.9%	14.9%
	575	11.6%	12.9%	14.4%	15.2%	16.3%
	600	12.9%	14.2%	15.4%	16.5%	17.5%
	625	14.2%	15.4%	16.6%	17.7%	18.7%

WACC = 9.5%



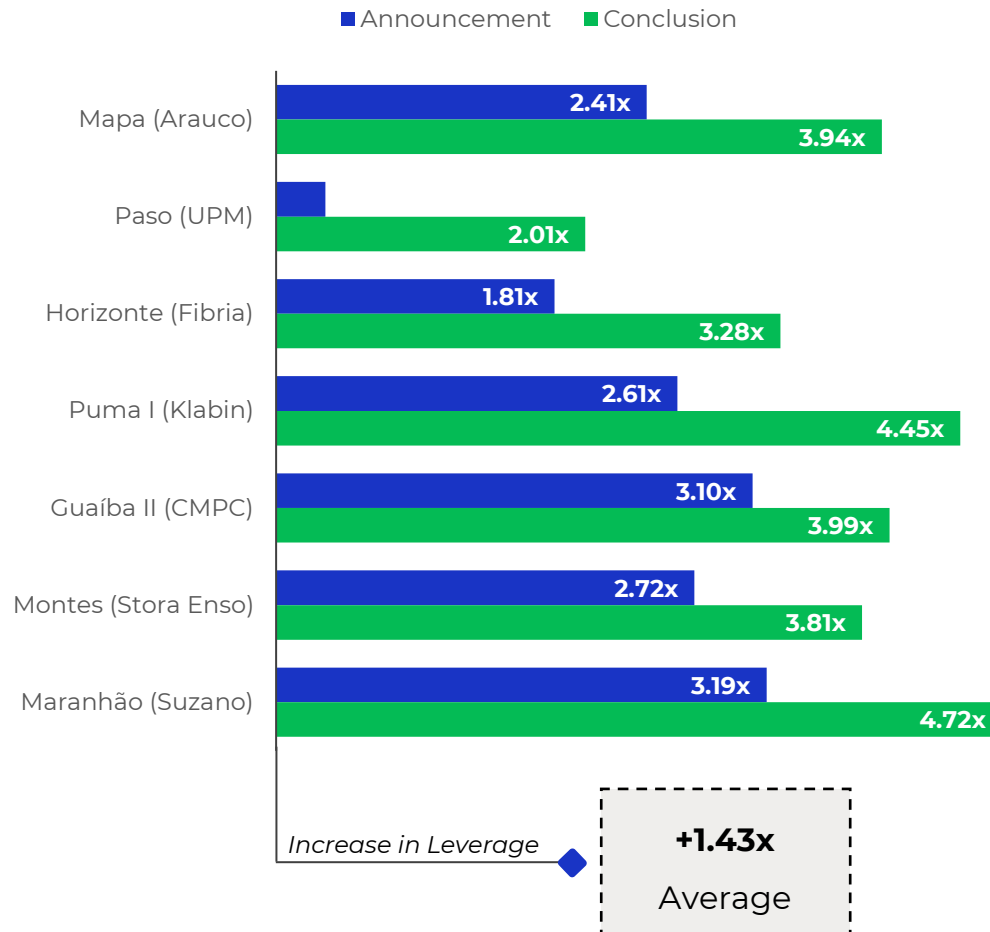
A bad investment only in pessimistic scenarios

Growing Without Leverage

Different from other projects, Suzano built Cerrado **without a growth on debt**

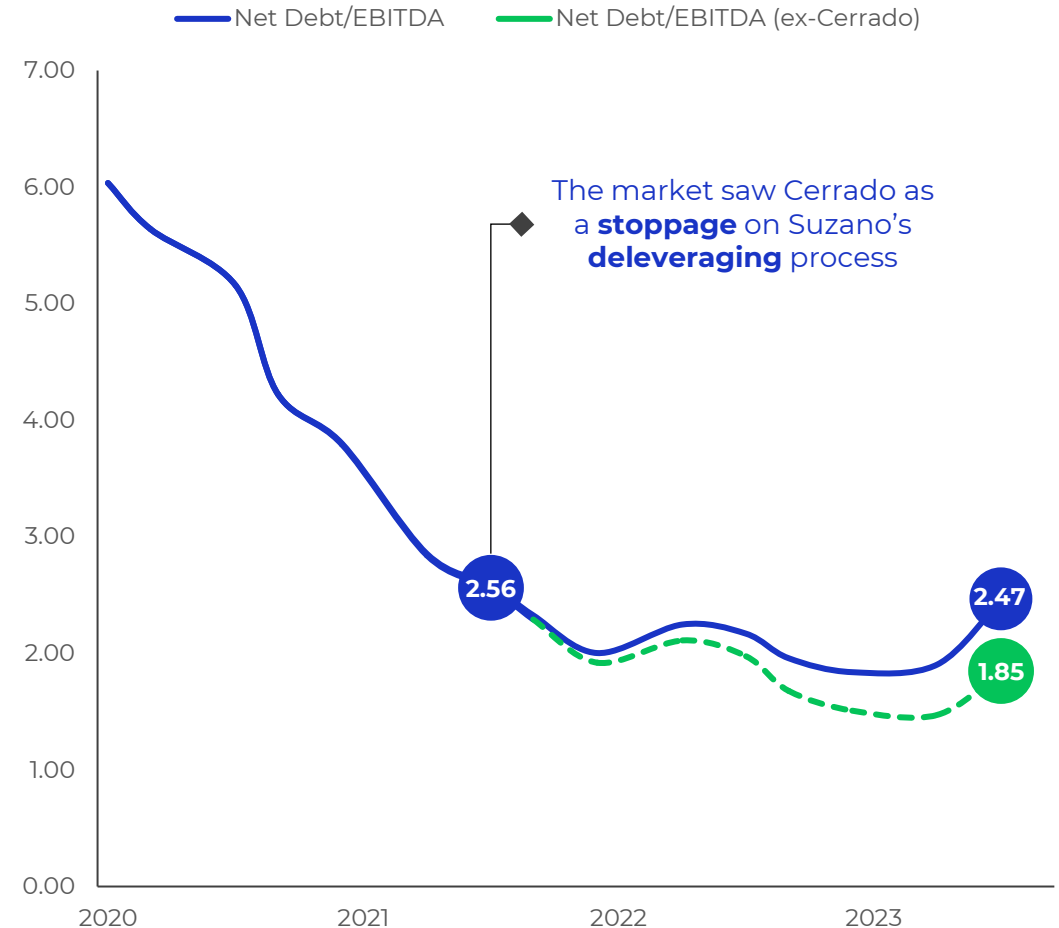
Historically, projects have resulted in high indebtedness

Peers' Net Debt / EBITDA



Excluding Cerrado's CapEx, we can see a deleveraging trend

Suzano's Net Debt / EBITDA



Source: Team 4, Suzano IR, Refinitiv

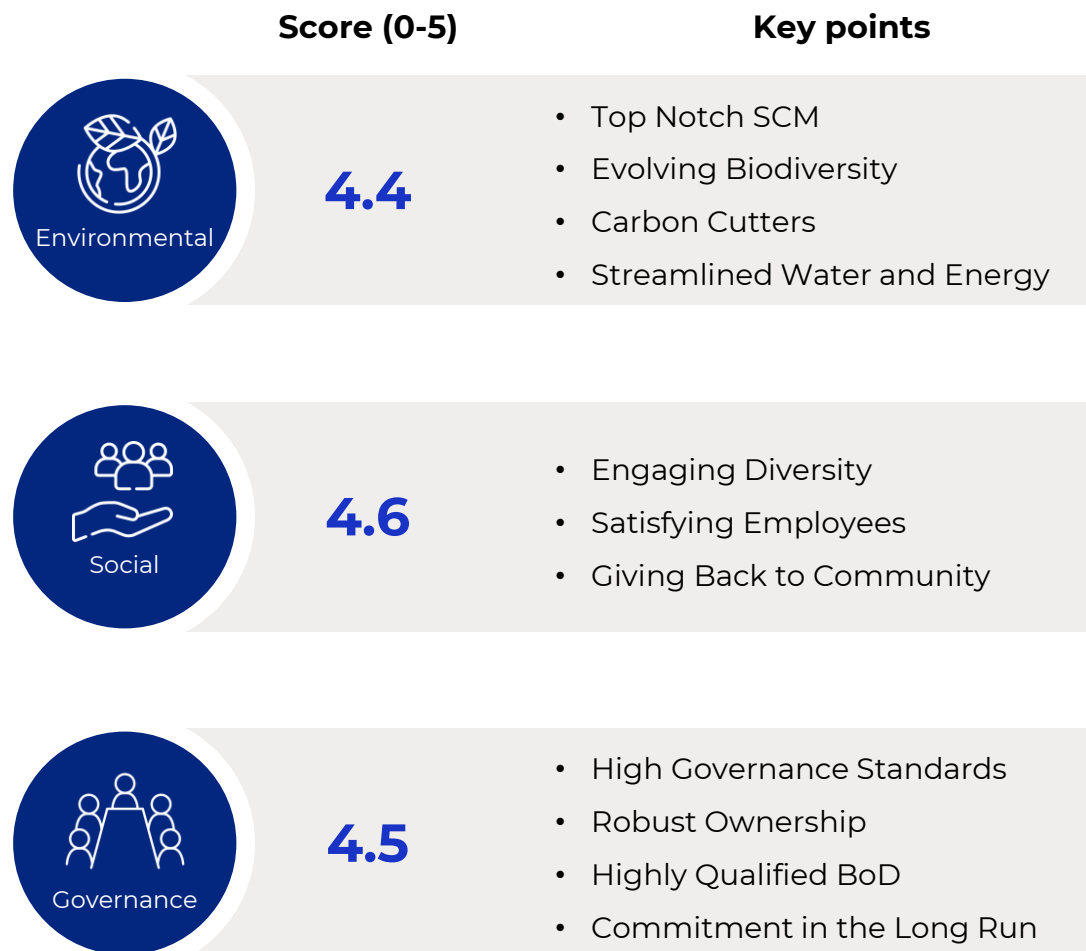


4. Underrecognized ESG efforts

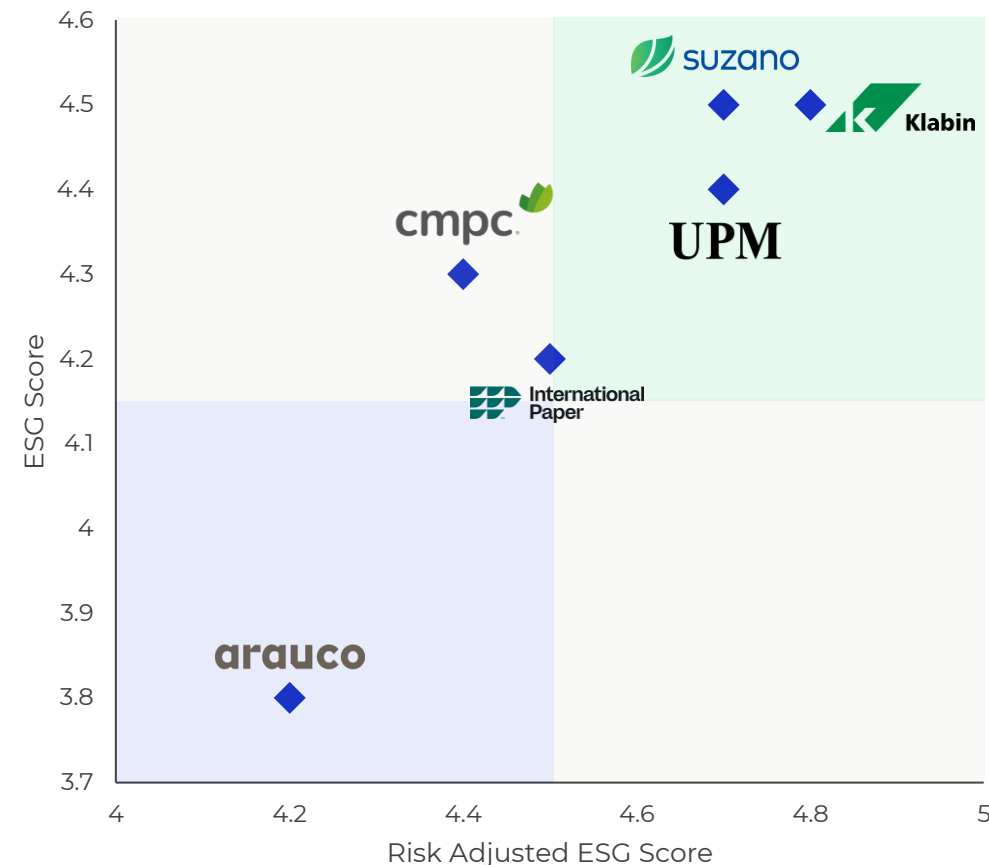
Rating agencies fail to value Suzano's ESG commitments, which are translated into material benefits

ESG from its Roots

Suzano's core business is **ESG-centric**, being **strongly committed** to the ESG agenda



Suzano has a good position in ESG engagement in the industry
Our Proprietary ESG Risk Measure

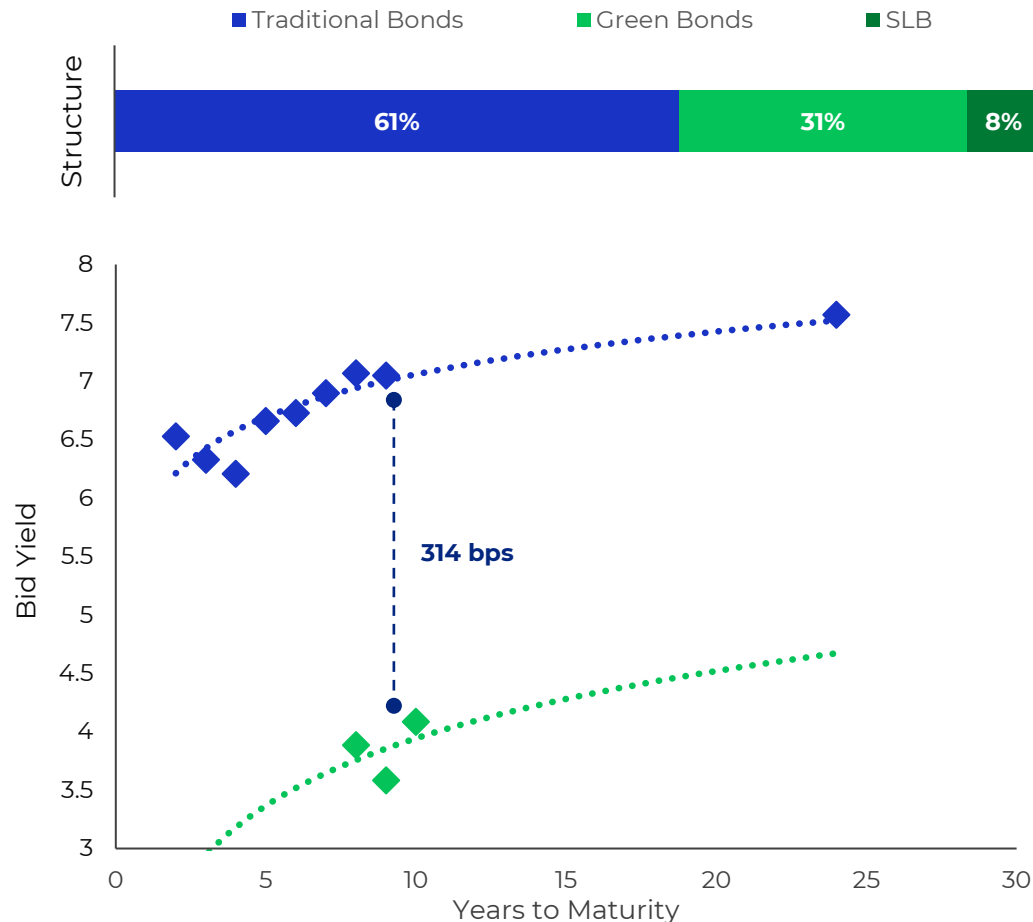


Source: Team 4, Companies IR, Sustainalytics

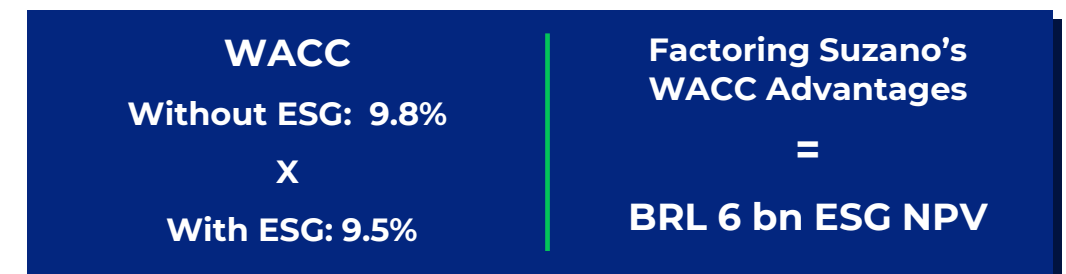
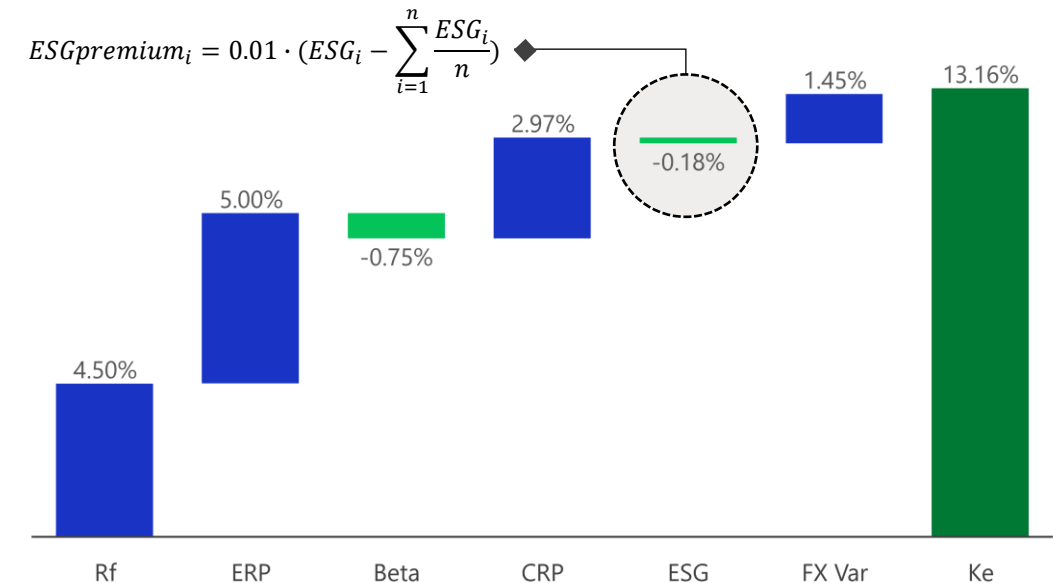
Leveraging on Its ESG Positioning

Suzano converts its good ESG position **into tangible cost of capital benefits**

A large part of Suzano's bonds are ESG-related, reducing its Kd
Suzano's Bonds Yield Curve (Yield % in USD)



Recognizing ESG as a measure of risk, Suzano deserves a discount
Suzano's ESG Discount on its Cost of Equity




Source: Team 4, Suzano IR

But Why Underrecognized?

ESG Rating **Agencies**, especially MSCI, **undervalue** Suzano's efforts

Analyzing Suzano's rating, we see clear ESG blindspots

ESG Rate Team 4 x MSCI

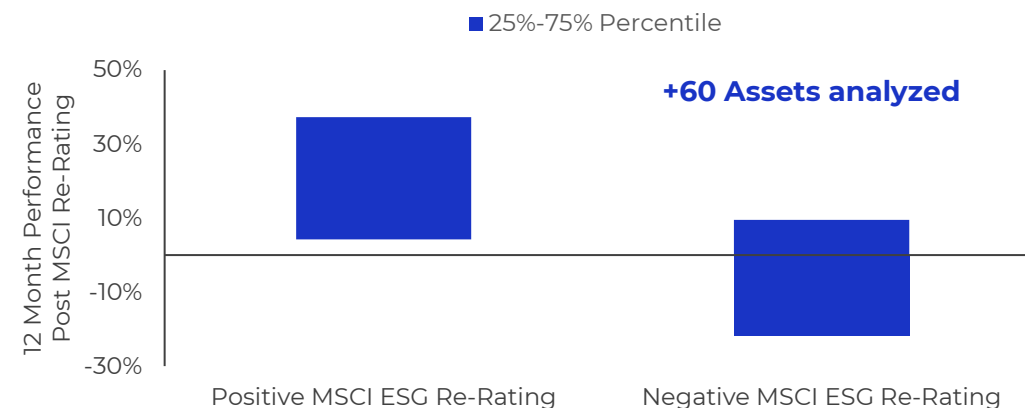
	Team 4	MSCI 
Environmental	4°	6°
Social	1°	1°
Governance	1°	4°
Total Score	2°	4°

Why does MSCI punish Suzano?

Environmental	Governance
Biodiversity and Land Use	Ownership Structure
Toxic Emissions and Waste	Corporate Behavior

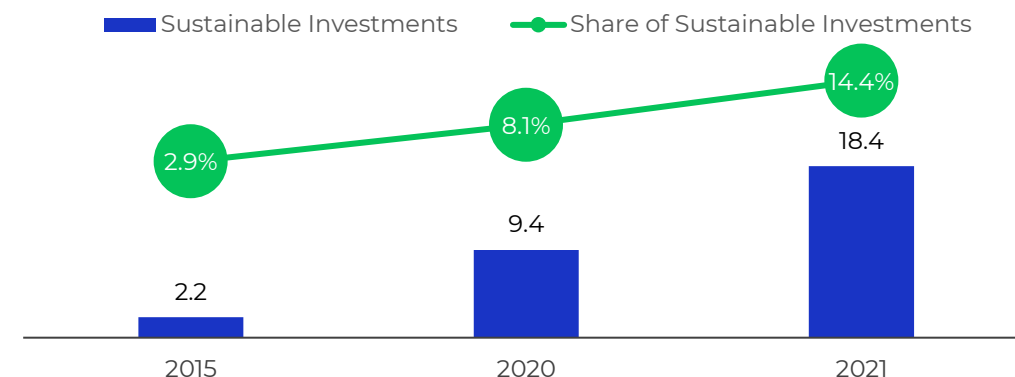
Suzano has improved in all of those aspects

Suzano could appreciate through a possible MSCI Re-Rating
Stocks' One-year Return After Undergoing an MSCI Re-Rating



This comes owing to the increase in ESG investors

Global Sustainable Investments (AuM USD bn)

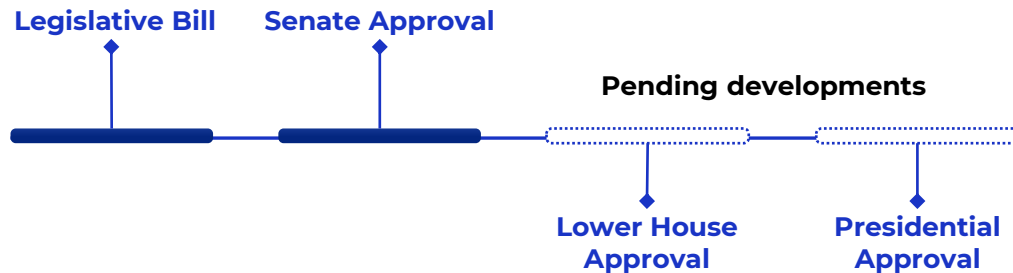


Source: Team 4, MSCI, PwC

ESG Upside Potential

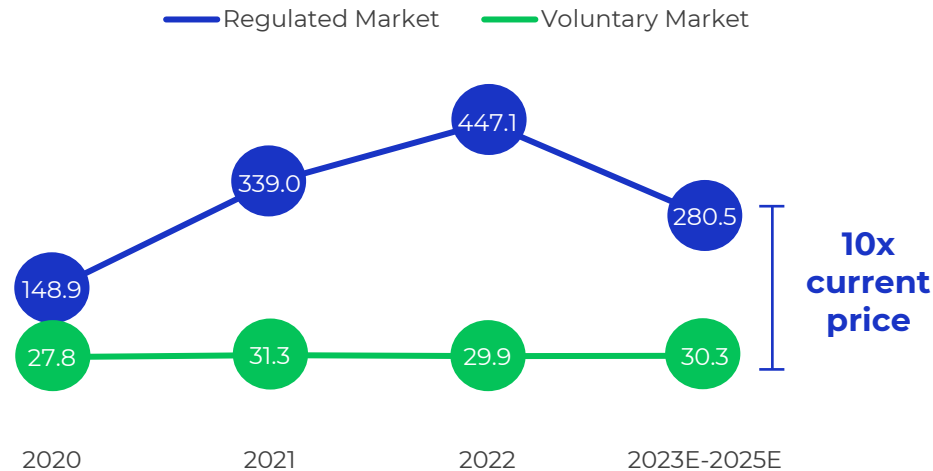
Suzano's innovability guarantees its **success in the long-term**

Carbon Market Regulation



The regulation could expand Suzano's revenue stream

BRL per tCO₂e



With rules, Brazil can be a protagonist in carbon credits

Valor ECONÔMICO

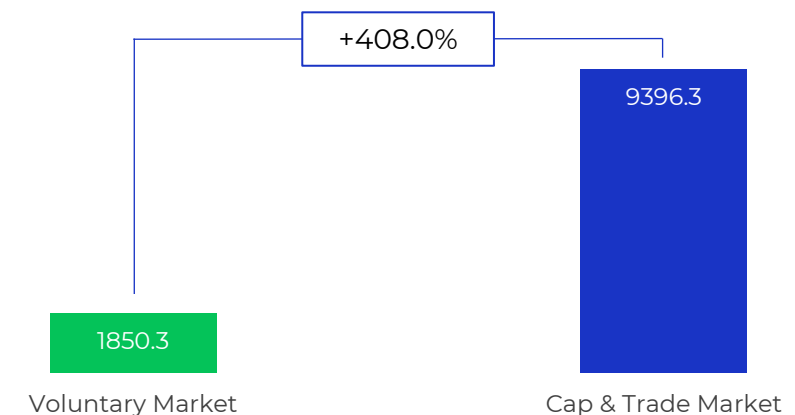
Proposed legal framework under discussion has the potential to generate US\$120 billion by 2030, 28% of global demand in the regulated market

Oct 31st, 2023

There's still a big upside to be captured in the carbon market

Suzano's Carbon Market Value (BRL mn)

Expected Carbon Sequestrations 2023E-2025E: **18.0 tCO₂e**



Source: Team 4, Suzano IR, Valor Econômico



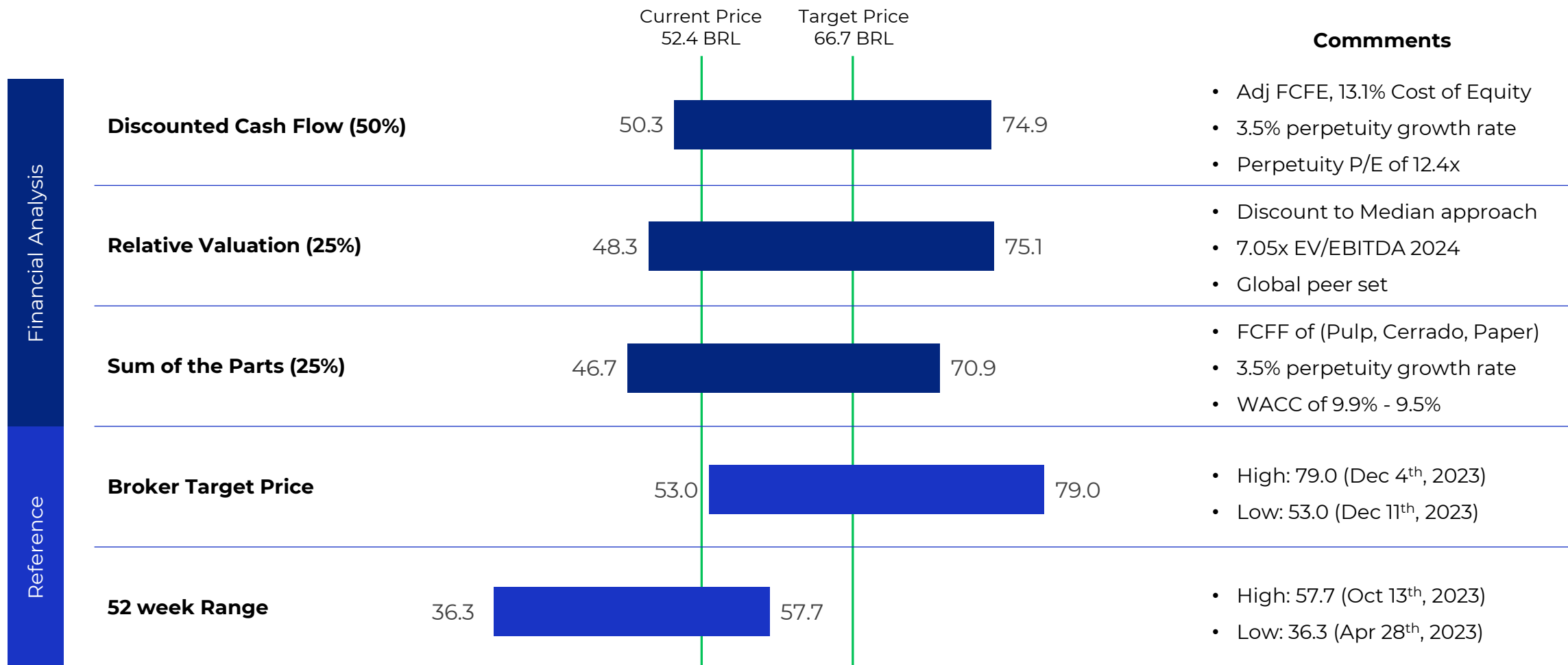
5. Valuation & Financials

Current price levels present a satisfying margin of safety for the investment

Blended Valuation Approach

Summary of **valuation methodologies** and assumptions

Our target price is the result of a weighted average of a DCF, relative and SOTP methodology, outputs from granular bottom up forecast



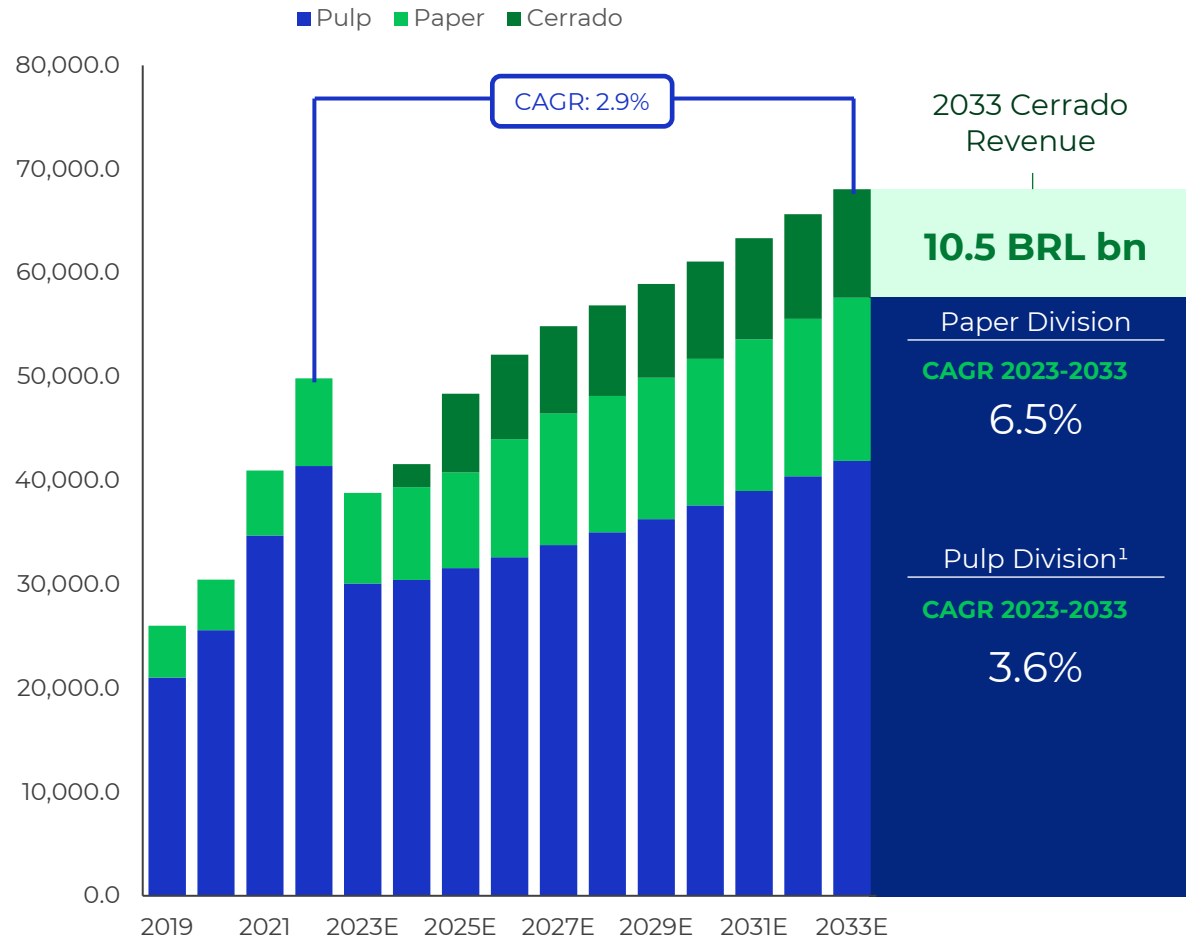
Source: Team 4, Refinitiv

Financial Forecast

Pro-forma assumptions of Suzano's **key financial** lines

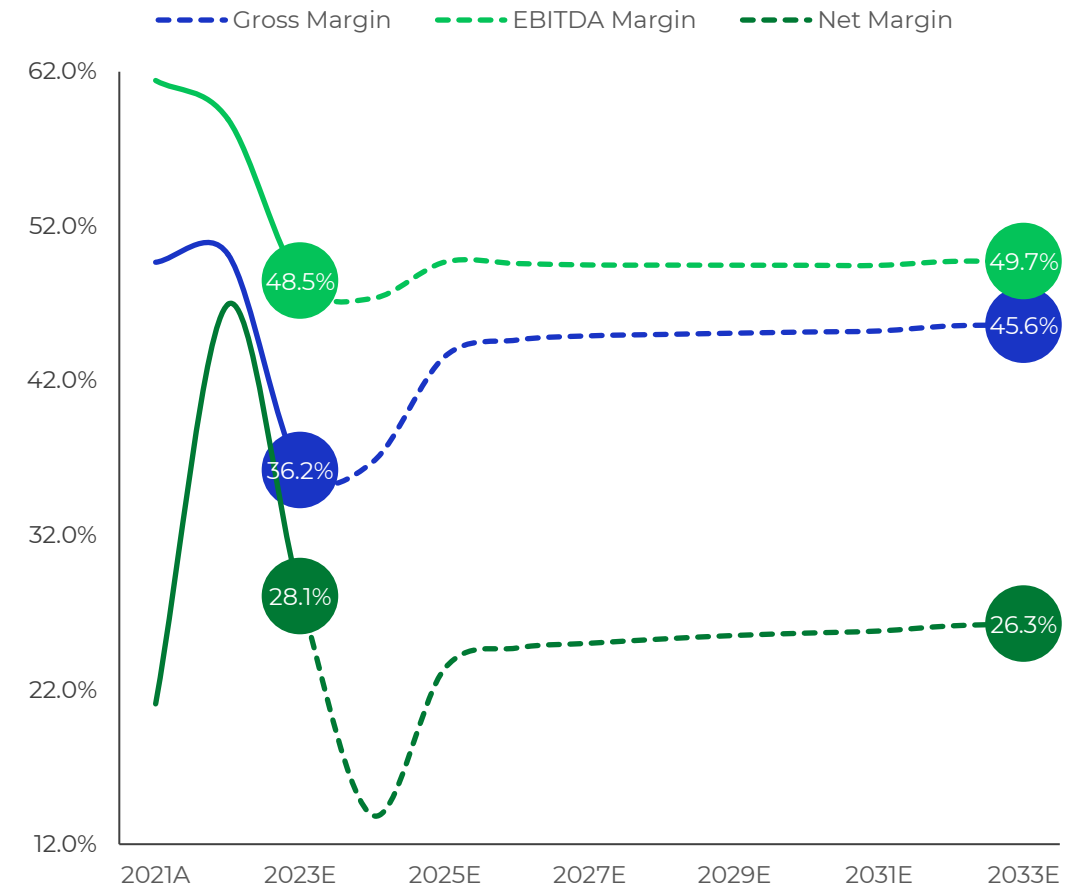
Revenue should gradually recover to 2022 levels

Net Revenue (BRL mn)



And margins should stabilize below the cycle peak numbers

Suzano's Margins (%)



Source: Team 4

¹: Excludes Revenue of Cerrado

Financial Forecast

Our **theses** are directly linked to the financial forecast of Suzano

Catalysts		Linkage with Financials		Impact on Valuation	
		Aspects	Impacts until FY27E		
1.	Irreplicable Position	Cash Cost	Maintenance of lowest industry Cash Cost, at 183 USD/tn	Closing the valuation gap to international peers	
2.	Pulp Prices	Revenue	13.4% increase from the low of the cycle	Margin recovery from 2023, and sub-priced resilience of Pulp Market	
		EBITDA	10.0% CAGR due to cost dilution		
3.	Cerrado	Margins	2 p.p. increase in EBITDA margin	Over BRL 2.5 bn in FCFF and BRL 20 per share in enterprise value	
		Volume	+2.55 mn tn in sellable volume		
4.	ESG Efforts	Cost of Debt	-50 bps on Cost of Debt	BRL 5.7 bn of present value addition on current initiatives, but with upside to increase impact on future developments	
		Cost of Equity	-18 bps on Cost of Equity		

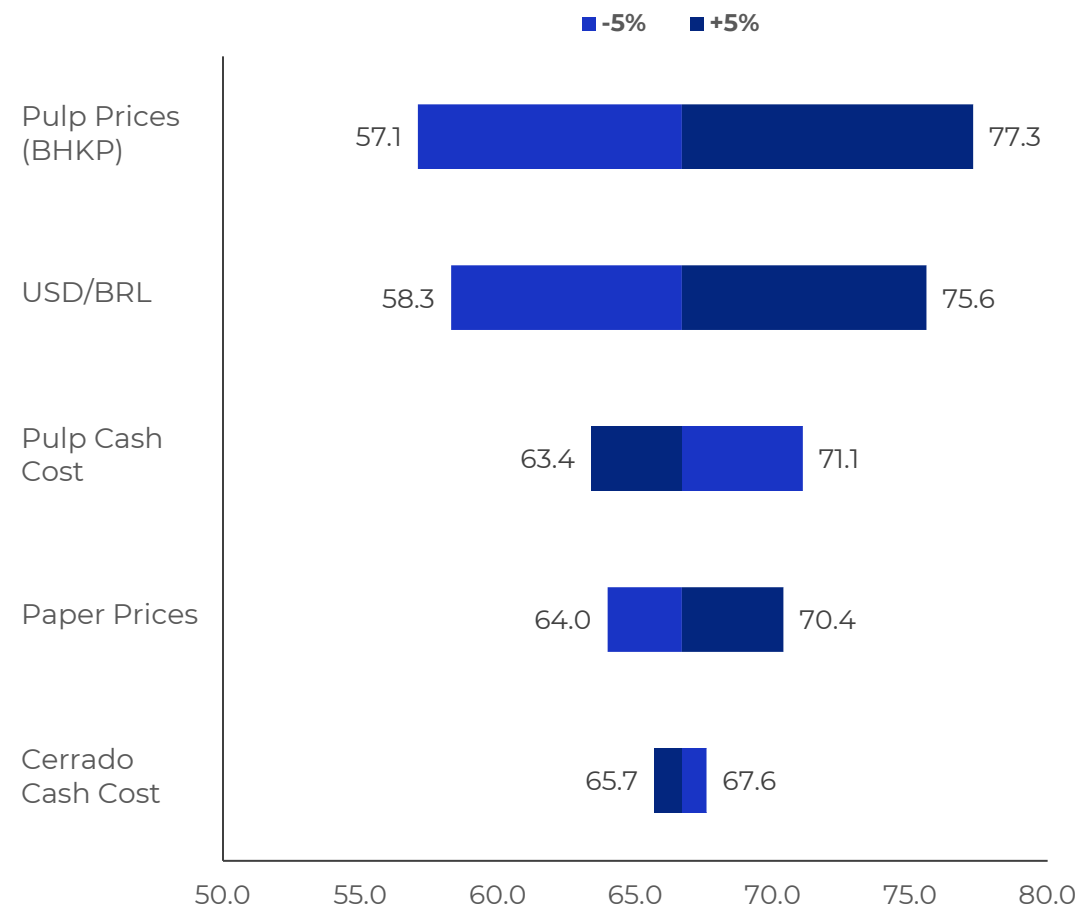
Source: Team 4

Outcome Scenarios

Our scenario analysis shows **asymmetric returns** at current price levels

BHKP and USD/BRL are our most sensitive assumptions

Price Sensibility to Our Assumptions



We stressed our model for different possible outcomes

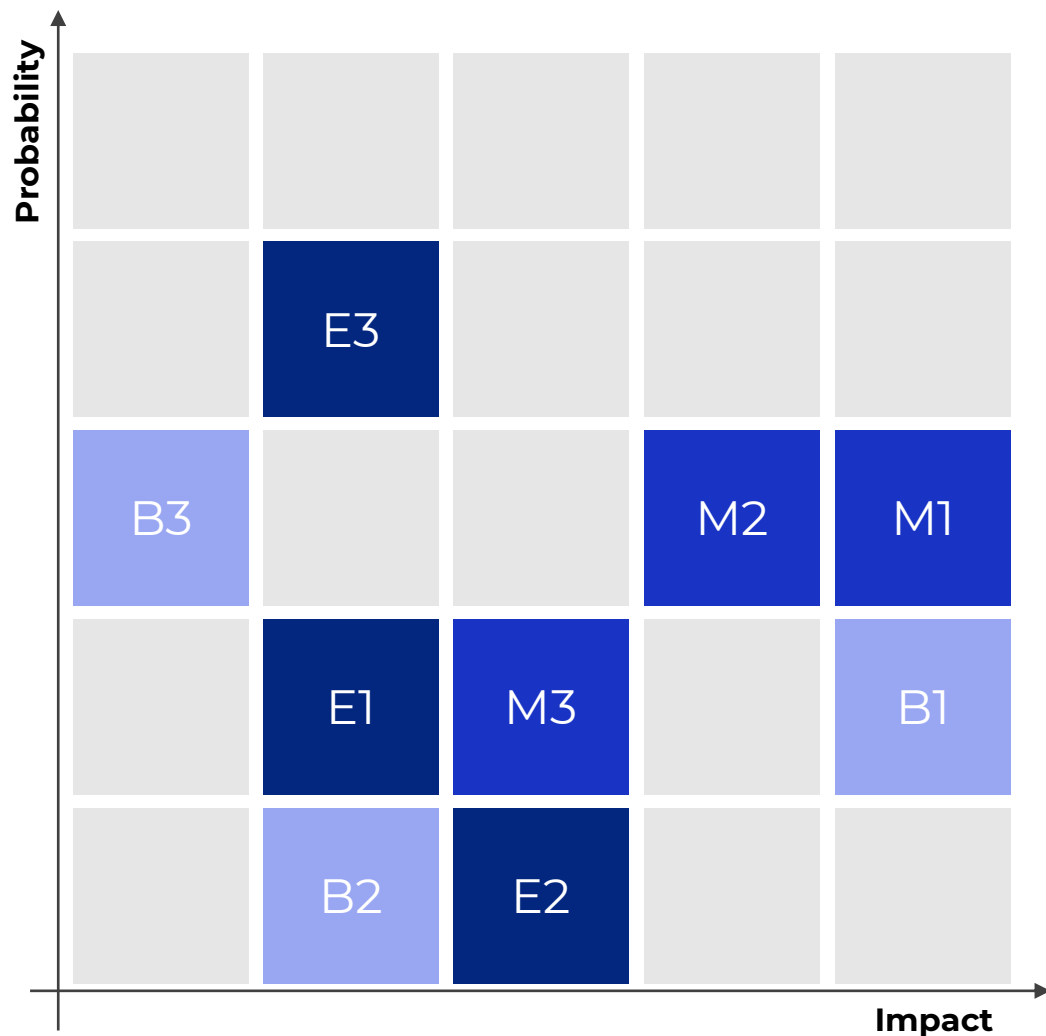
Scenario Analysis

Scenarios	Bear Case	Base Case	Bull Case
USD/BRL	4.7	5.0	5.2
BHKP (USD/tn)	540	575	600
EBITDA/tn (2027 in USD)	299.8	331.2	348.9
Target Price (BRL)	48.9	66.7	74.0
Upside (Downside)	(6.70%)	27.2%	41.2%

Source: Team 4

Risk Matrix

What are the risks from our Investment Thesis?



Business & Operational

B1. Bad capital allocation strategy post Cerrado

B2. Increased capital requirement or delay on Cerrado project

B3. Natural disasters and illegal invasions in Suzano's forestry

Market & Macro

M1. Lower pulp prices for longer

M2. BRL appreciation against the USD

M3. Higher COGS due to inflation and higher Brent prices

ESG

E1. Falling short of prescribed Environmental targets

E2. Conflict of interest within the controlling Family

E3. Reduction of productivity due to Climate Change

Investment Summary

Pulp, not a fictional win!

We recommend a buy due to:

1. Suzano's unmatched position in LatAm

2. Overly pessimistic pulp prices expectations

3. An even more resilient company post Cerrado

4. Underrecognized ESG position

BUY

Last Closing

52.4 BRL

Target Price

66.7 BRL

27.2% Upside



Q&A



1. Main Deck

- 2. Suzano in a Nutshell
- 3. ESG Business
- 4. Investment Summary

5. Irreplicable Position

- 6. Suzano's Positioning
- 7. Eucalyptus Index
- 8. Cultivating Advantages
- 9. An Unreachable Moat
- 10. EV/EBITDA Discount

11. Pessimistic Pulp Price

- 12. Pulp Cycle 101
- 13. Oversupply in Sight
- 14. Space for New Projects
- 15. Implicit BHKP Price

16. Cerrado Project

- 17. How to Overcome Cycles
- 18. Cerrado Performance
- 19. Growing Without Leverage

20. Underrecognized ESG

31. Investment summary

32. Q&A cover

21. ESG From the Roots

- 22. Leveraging on ESG
- 23. Why Underrecognized
- 24. ESG Upside Potential

25. Valuation

- 26. Blended Approach
- 27. Financial Forecast (1)
- 28. Financial Forecast (2)
- 29. Alternative Scenarios

30. Risk Matrix

Appendix Network

32. Q&A cover

33. Presentation Network

Thesis | Irreplicable Position

- 36. Positioning | **Footprint**
- 37. Positioning | **Cash Cost**
- 38. Positioning | **Productivity Margins**
- 39. Positioning | **Own Wood and ROIC**
- 40. Positioning | **Land Valuation**
- 41. Positioning | **Land Valuation Results**
- 42. Positioning | **Eucalyptus Price Index**
- 43. Positioning | **Eucalyptus Cycle**
- 44. Positioning | **Our Eucalyptus Index**
- 45. Positioning | **Brazil vs Other LatAm**
- 46. Positioning | **Brazil vs Other LatAm (2)**
- 47. Positioning | **Farmland Prices**
- 48. Positioning | **Unreachable Position**

Thesis | Pulp Prices

- 49. Pulp | **Wood Chip Spread**
- 50. Pulp | **Land Availability**
- 51. Pulp | **Foreign Land Ownership**
- 52. Pulp | **BHKP Volatility**
- 53. Pulp | **Implied Pulp Price**
- 54. Pulp | **P&W Business**

- 55. Pulp | **BHKP Bear Markets**
- 56. Pulp | **Pure Pulp Companies**
- 57. Pulp | **S&D Overview**
- 58. Pulp | **China Sensitivity**
- 59. Pulp | **Demand Forecast**
- 60. Pulp | **Supply Forecast**

Thesis | Cerrado

- 61. Cerrado | **Cash Generation**
- 62. Cerrado | **Cerrado Logistics**
- 63. Cerrado | **Vs MAPA and Paso**
- 64. Cerrado | **Projects Comp**
- 65. Cerrado | **Funding**
- 66. Cerrado | **Cash Cost**
- 67. Cerrado | **Performance**
- 68. Cerrado | **Leverage Comp**
- 69. Cerrado | **Leverage**
- 70. Cerrado | **Top-Down Story**

Thesis | ESG

- 71. ESG | **Our Index**
- 72. ESG | **Premium Analysis**
- 73. ESG | **Index Results**

- 74. ESG | **Index Results (2)**
- 75. ESG | **Index vs MSCI**
- 76. ESG | **Our Take on MSCI**
- 77. ESG | **Re-rating Composition**
- 78. ESG | **Re-rating Impact**
- 79. ESG | **Peers Rating**

- 80. ESG | **NPV**
- 81. ESG | **Investors**
- 82. ESG | **Carbon Market**
- 83. ESG | **FSC**
- 84. ESG | **Management**
- 85. ESG | **Feffer Family**
- 86. ESG | **Governance**
- 87. ESG | **Labor Management**
- 88. ESG | **Glassdoor**
- 89. ESG | **Executive Compensation**
- 90. ESG | **Energy Sources**
- 91. ESG | **Green Bonds**
- 92. ESG | **Risk by Industry**
- 93. ESG | **Position on trends**
- 94. ESG | **Climate Change**

- 95. ESG | **Adoption of MSCI**
- 96. Business | **Our edge**
- 97. Business | **Price History**
- 98. Business | **Technical Age**
- 99. Business | **Capacity**
- 100. Business | **Production Cut**
- 101. Business | **Fibria Operation**
- 102. Business | **Fibria Terms**
- 103. Business | **Klabin vs Suzano**
- 104. Business | **Average Radius**
- 105. Business | **Hexatrains**

Risks

- 106. Risk | **Matrix**
- 107. Risk | **Tornado**
- 108. Risk | **Monte-Carlo**
- 109. Risk | **El Niño**
- 110. Risk | **Taiwan**
- 111. Risk | **Wildfires**
- 112. Risk | **Change to SELL**

New Markets

- 113. New Markets | **Capital Allocation**

- 114. New Markets | **Tissue Trend**
- 115. New Markets | **Kimberly Clark**
- 116. New Markets | **Tissue Position**
- 117. New Markets | **Fluff**
- 118. New Markets | **GMO**
- 119. New Markets | **GMO Adoption**
- 120. New Markets | **Brands**
- 121. New Markets | **New Markets**
- 122. New Markets | **M&A Opp**

Industry

- 123. Industry | **Industry vs GDP**
- 124. Industry | **Data Worldwide**
- 125. Industry | **Fiber to Fiber**
- 126. Industry | **Fiber Furnish**
- 127. Industry | **BHKP Inventory**
- 128. Industry | **Historical S&D**
- 129. Industry | **Pulp Inventory**
- 130. Industry | **Hardwood inventory**
- 131. Industry | **Market Share**

Appendix Network

Financial Analysis

- 132. Financials | **Revenue Forecast**
- 133. Financials | **Working Capital**
- 134. Financials | **Net Margin**
- 135. Financials | **ROE and ROCE**
- 136. Financials | **ROIC**
- 137. Financials | **Cash Generation**
- 138. Financials | **Pulp EBITDA**
- 139. Financials | **CapEx Forecast**
- 140. Financials | **EBITDA Margin**
- 141. Financials | **Debt & Cap Structure**
- 142. Financials | **EBITDA/USD Sensitivity**

Valuation

- 143. Valuation | **Income Statement**
- 144. Valuation | **Balance Sheet**
- 145. Valuation | **Cash Flow**
- 146. Valuation | **Revenue Build Up**
- 147. Valuation | **CapEx Build Up**
- 148. Valuation | **OpEx Build Up**
- 149. Valuation | **Biological Assets**
- 150. Valuation | **Paper Expansion**
- 151. Valuation | **Rel. Val. LatAm**
- 152. Valuation | **Rel. Val. EU**
- 153. Valuation | **Rel. Val. North Am.**
- 154. Valuation | **Trading Comps**
- 155. Valuation | **Valuation Methods**
- 156. Valuation | **Blended Valuation**
- 157. Valuation | **Cash Cost Sensitivity**
- 158. Valuation | **Tax Rate**
- 159. Valuation | **Derivatives**
- 160. Valuation | **Cost of Equity**
- 161. Valuation | **Cost of Debt**
- 162. Valuation | **WACC & g**
- 163. Valuation | **Vs Consensus**
- 164. Valuation | **Scenarios**
- 165. Valuation | **SOTP**
- 166. Valuation | **Price Catalysts**
- 167. Valuation | **Multiple Discount**
- 168. Valuation | **Portfolio View**
- 169. Valuation | **Historical Multiples**
- 170. Valuation | **EV/EBITDA Sensitivity**

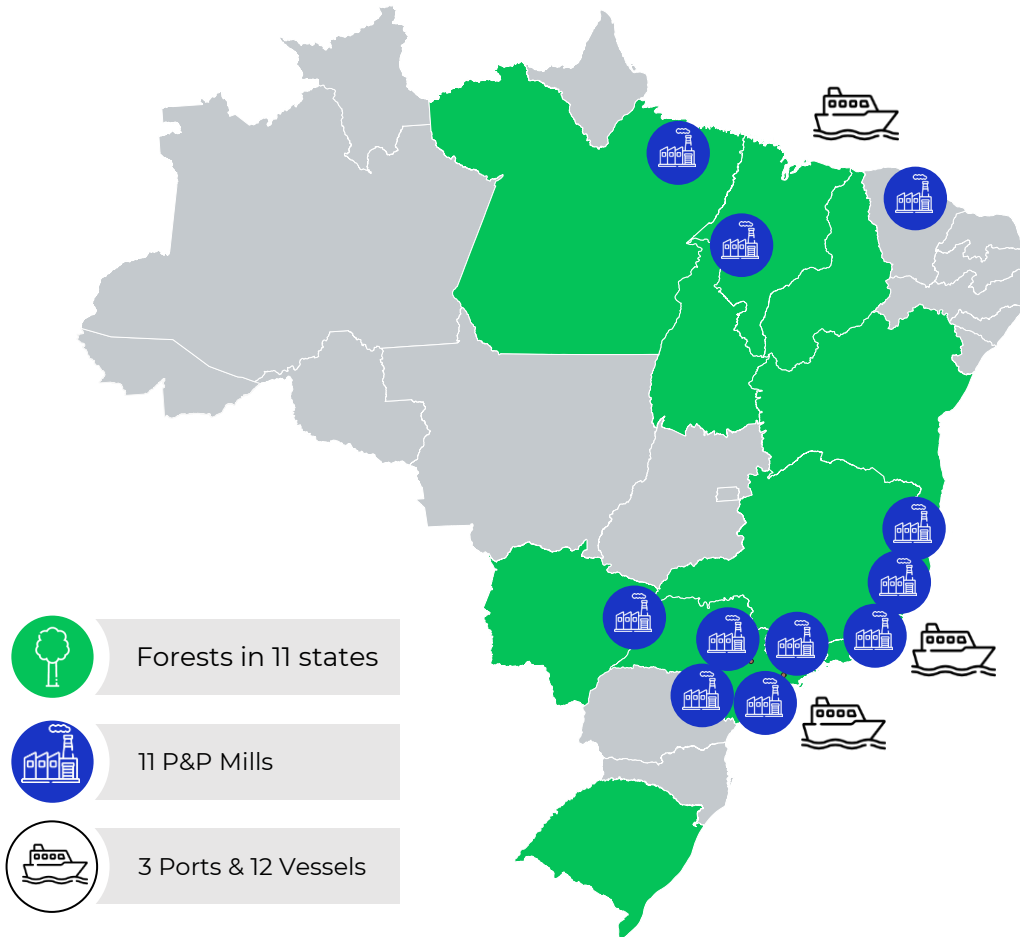
- 171. Valuation | **Net Debt / EBITDA Sensitivity**
- 172. Valuation | **Upside Sensitivity**

Suzano's Footprint

The company has the largest owned eucalyptus forest in Brazil

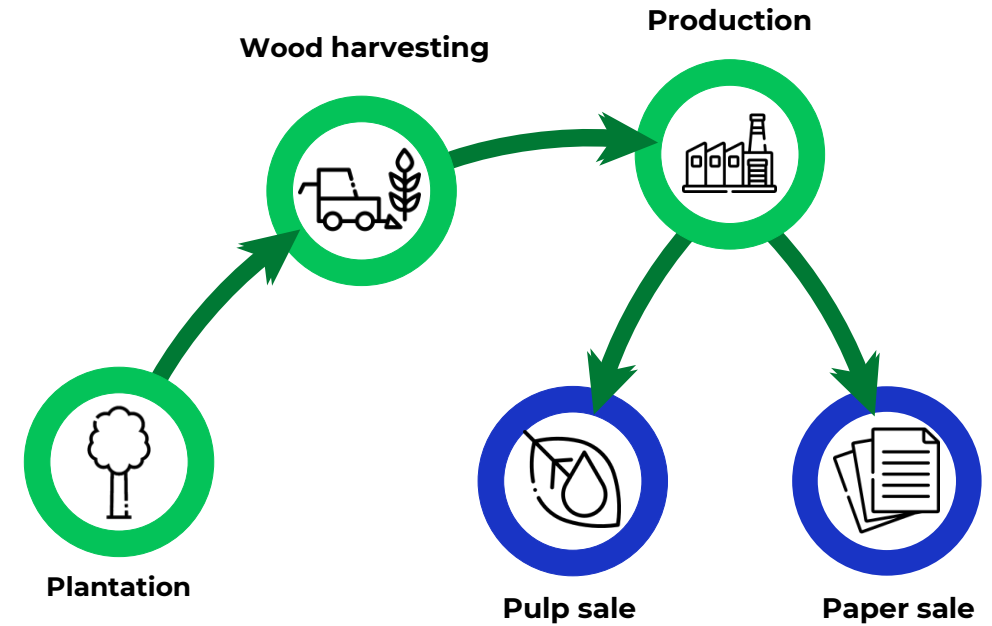
Suzano's forests are located throughout Brazil

Footprint's map



Suzano possesses a vertically integrated operation

Suzano's operation

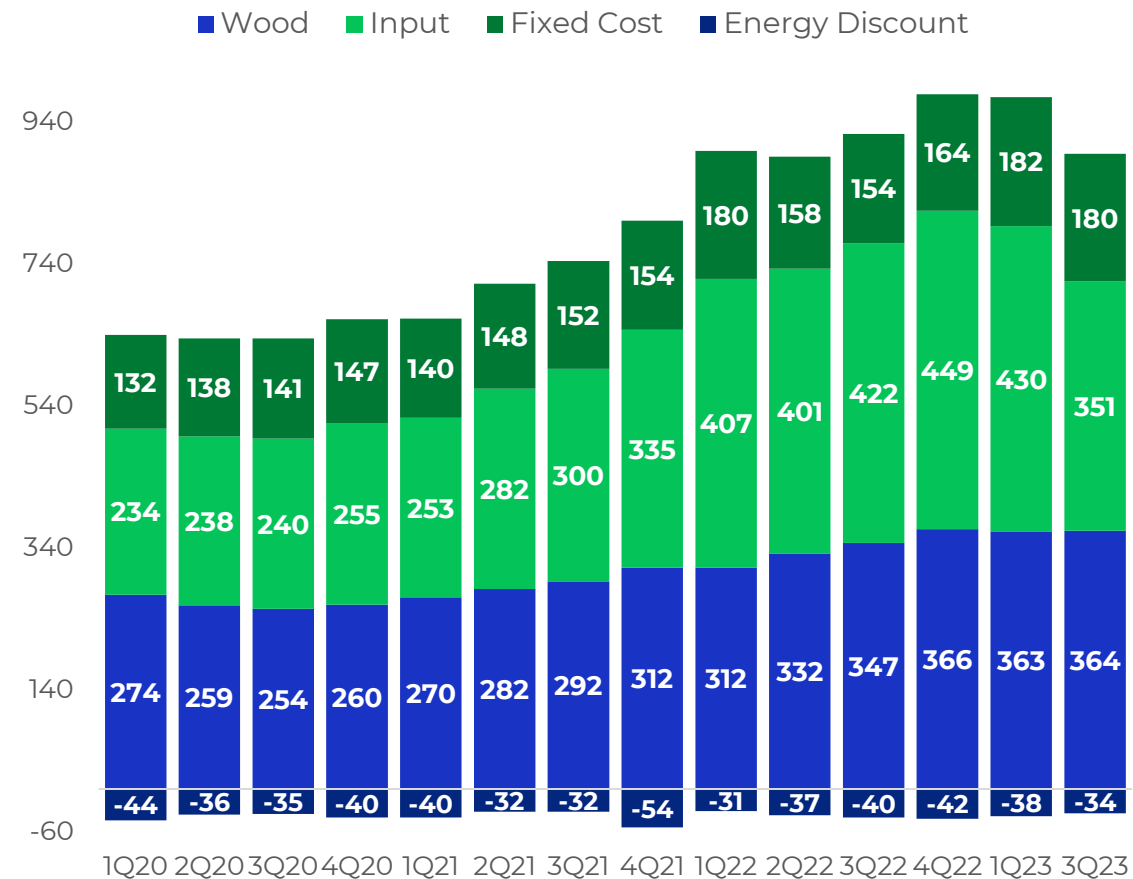


Cash Cost Composition

Suzano has the lowest cash cost in the market

Cash Cost Composition Evolution

BRL/tn



1.

Fixed Cost

- Labor Costs
- Maintenance stops

2.

Input:

- Brent
- Caustic Soda

3.

Wood:

- Main cost for pulp production

4.

Energy Discount:

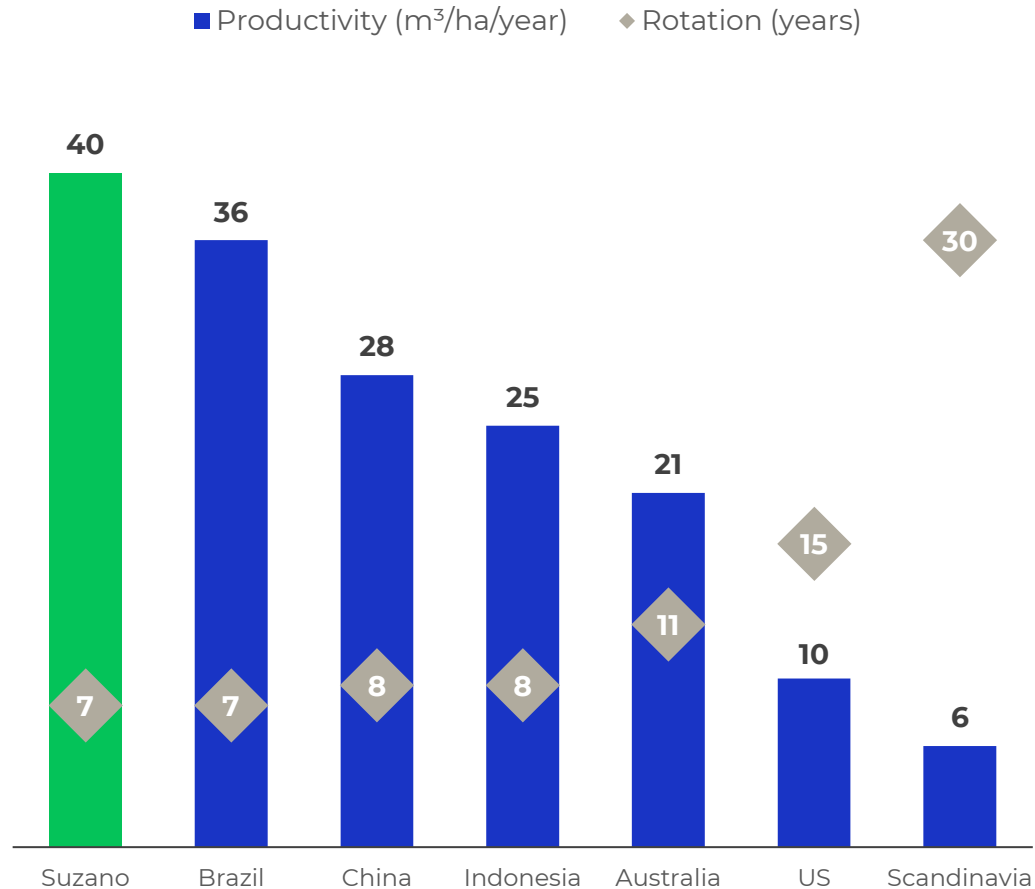
- Excess energy generated sold via CCEE¹

High Productivity and Margins

Suzano achieves great efficiency with its distinctive production dynamics

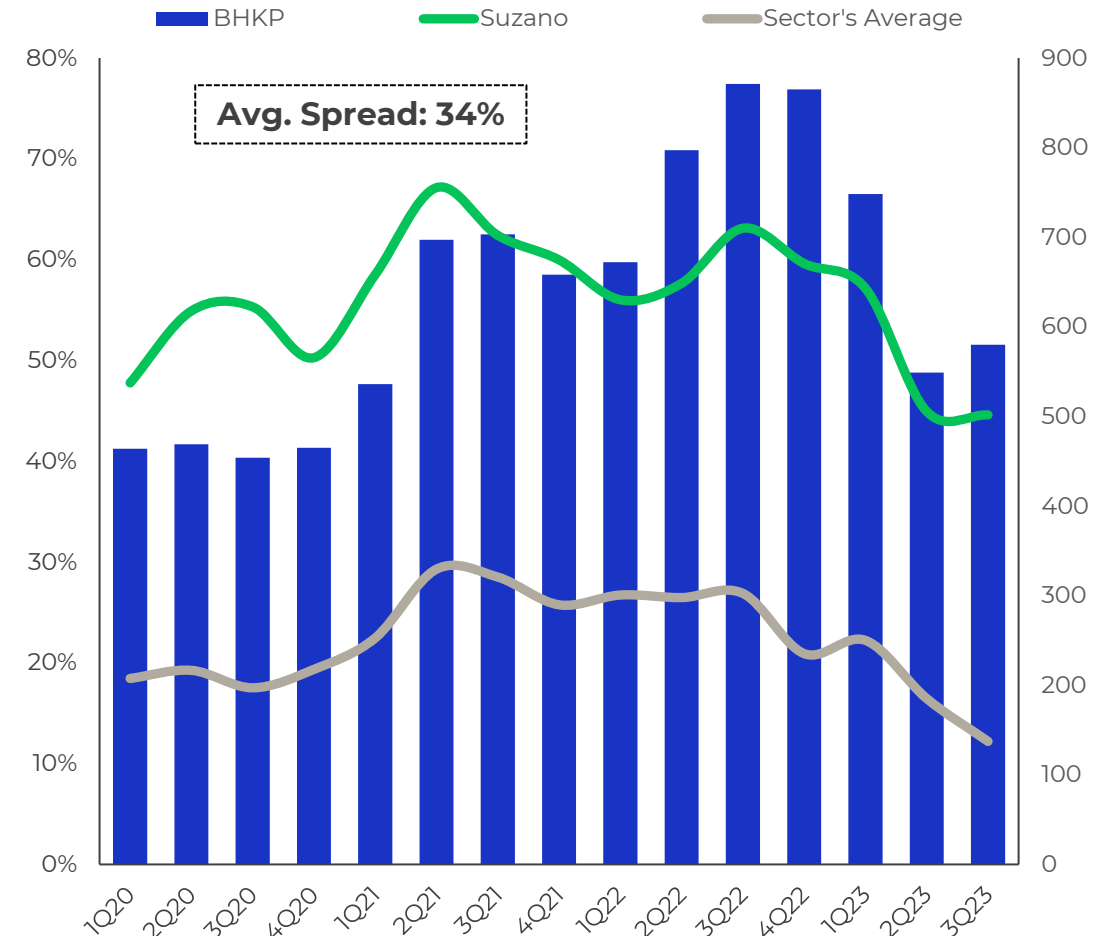
Suzano has a high productivity and shorter eucalyptus cycle

Wood productivity



Suzano shows a huge protection even in market downturns

BHKP (USD) x Companies EBITDA Margin (%)

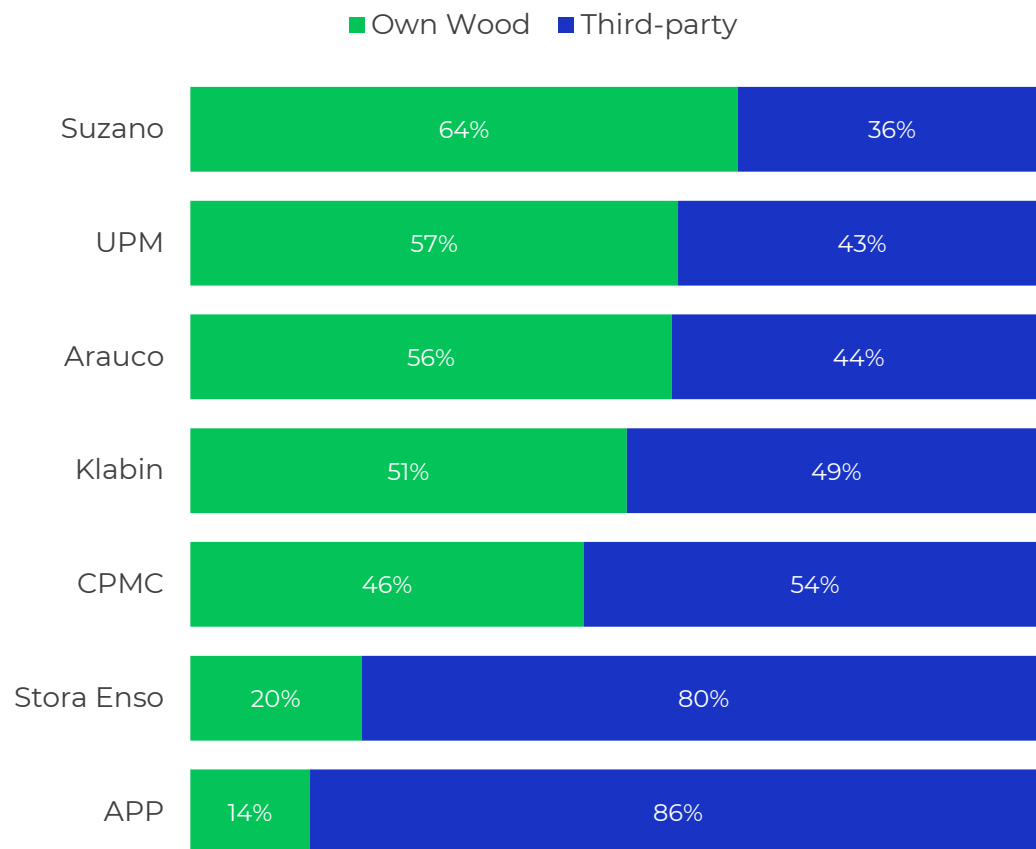


Own Wood Ensuring Higher ROIC

Suzano achieves great efficiency with its distinctive production dynamics

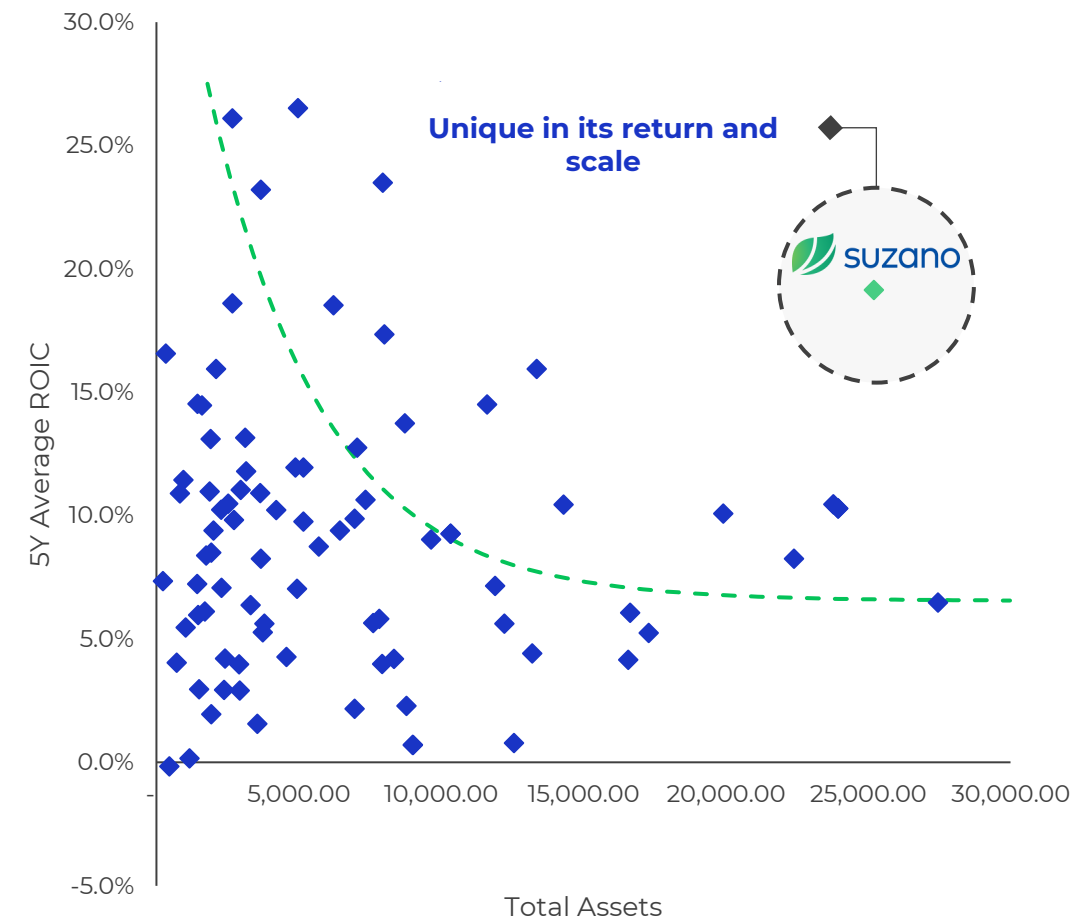
Own wood use generates high efficiency

Sourcing of wood by P&P companies



By using its own wood, Suzano achieves a superior ROIC

P&P Companies ROIC vs Total Assets



Land Valuation Analysis

How much is all of Suzano's land worth?

State	Planted Area (ha)	Preserved Area (ha)	Others (ha)	Total (ha)	Total (%)	Avg Land Value (BRL/ha)	Valuation
São Paulo	215,000.00	129,000.00	16,000.00	360,000.00	13%	67,625.6	24,345,213,183
Rio de Janeiro	2,000.00	1,000.00 -		3,000.00	0%	27,789.9	83,369,555
Mato Grosso do Sul	496,000.00	257,000.00	108,000.00	861,000.00	32%	35,674.6	30,715,823,620
Espírito Santo	152,000.00	109,000.00	12,000.00	273,000.00	10%	28,436.4	7,763,136,643
Bahia	267,000.00	207,000.00	24,000.00	498,000.00	18%	21,947.6	10,929,925,834
Minas Gerais	22,000.00	37,000.00	2,000.00	61,000.00	2%	36,920.9	2,252,172,912
Rio Grande do Sul	10,000.00	1,000.00 -		11,000.00	0%	28,378.4	312,162,057
Tocantins, Maranhão, Pará e Piauí	252,000.00	359,000.00	54,000.00	665,000.00	24%	18,845.9	12,532,532,493
Total	1,416,000.00	1,100,000.00	216,000.00	2,732,000.00	100%	33,202.4	88,934,336,300

Owned

Terceirized

57%

43%

50,692,571,691

38,241,764,609



1.

Through web scraping with Python, we analyzed 4,231 farms, and established an average price per hectare of what the value of the land is in each location.

2.

We then multiplied this price by the area of forest that Suzano has, arriving at a land valuation of BRL 88 bn, with approximately BRL 50.6 bn being owned land.

```
from selenium import webdriver
from selenium.webdriver.common.by import By
from selenium.webdriver.support.ui import WebDriverWait
from selenium.webdriver.support import expected_conditions as EC
import time
import pandas as pd
from selenium.webdriver.chrome.options import Options
import re

df = pd.DataFrame(columns=["Estado", "ha", "Valor"])

for i in range(1,119):

    url = f'https://www.vivareal.com.br/venda/brasil/granja_comercial/?pagina={i}#area-desde=2000000'

    driver = webdriver.Chrome()
    driver.get(url)
    wait = WebDriverWait(driver, 5)

    time.sleep(5)

    cookies = wait.until(EC.element_to_be_clickable((By.XPATH, '//*[@id="cookie-notifier-cta"]')))
    cookies.click()

    tudo = wait.until(EC.presence_of_element_located((By.XPATH, '//*[@id="js-site-main"]/div[2]/div[1]/section/div[2]/div[1]'))).text
    driver.quit()

    lista = tudo.split("\n")

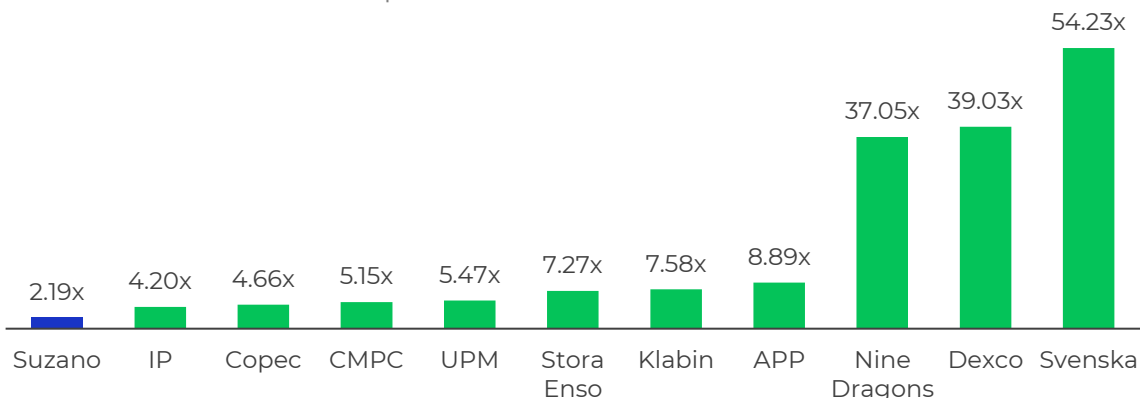
    sublistas = [] # Lista para armazenar as sub-listas
    sublista_atual = [] # Sub-lista atual sendo construída
```

Land Valuation Results

How much is all of Suzano's land worth?

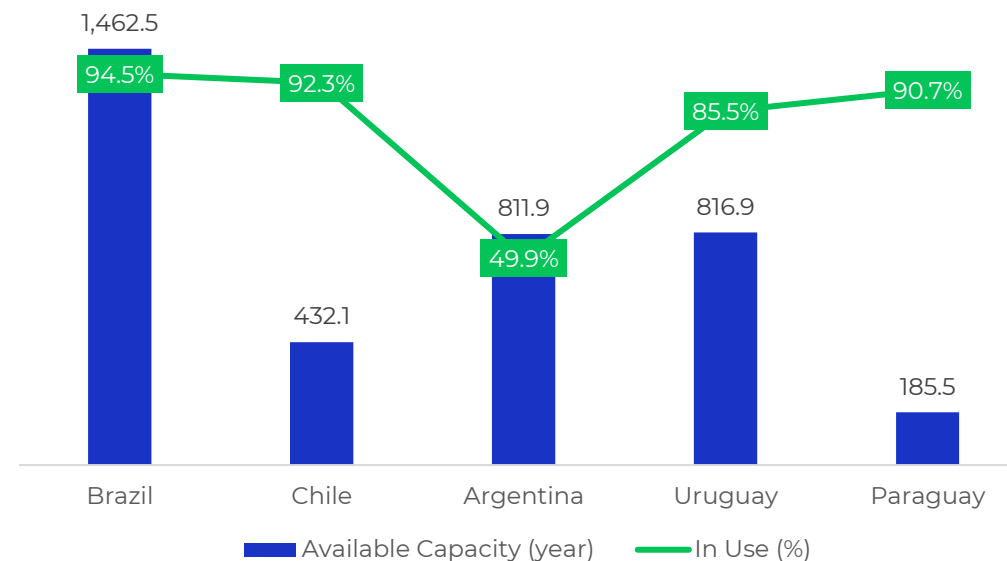
Company	EBITDA LTM (mn R\$)	Land Valuation/EBITDA
Suzano	23,118.79	2,19x
International Paper	12,070.68	4,20x
Empresas Copec	10,886.56	4,66x
Empresas CMPC	9,848.68	5,15x
UPM-Kymmene	9,268.17	5,47x
Stora Enso	6,970.05	7,27x
Klabin	6,688.91	7,58x
APP	5,704.43	8,89x
Nine Dragons Paper	1,368.14	37,05x
Dexco	1,298.84	39,03x
Svenska Cellulosa	934.74	54,23x

Suzano's Land Valuation to peers' EBITDA



LatAm already shows limitations for new greenfield projects

LatAm Available Capacity ('000 year) and capacity in use (%)



1.

With the increasing scarcity of land, prices are becoming higher. The second largest player would have to spend 4x its EBITDA to replicate Suzano's land

2.

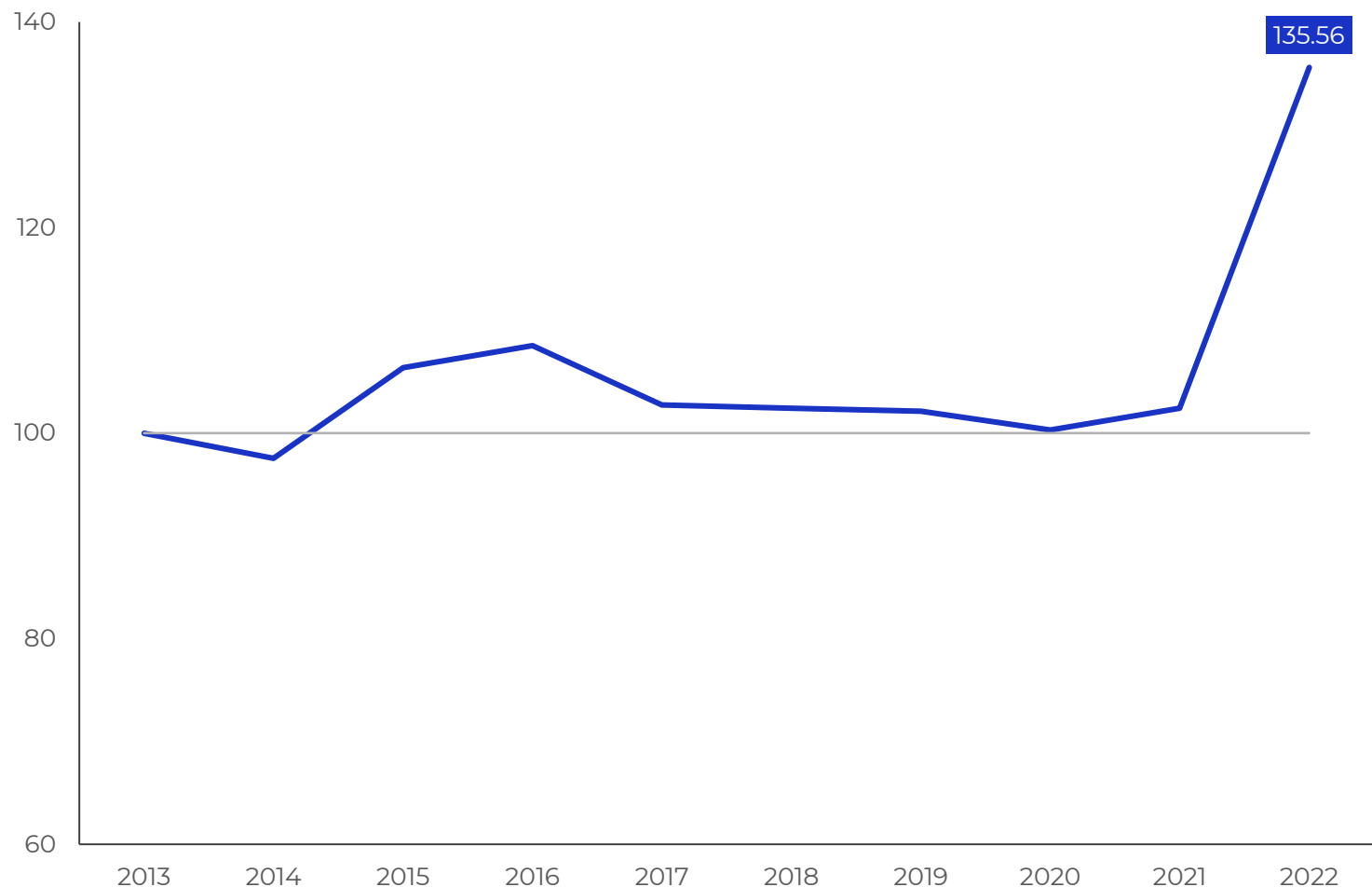
Suzano is buying up all the land it can, because it knows it won't have enough land for new projects in the future, protecting the company from competition

Eucalyptus Price Index in Brazil

The cost of purchasing wood is the largest portion of the cash cost of P&P companies

Wood price in Brazil went through a period of strong increase in 2022

Brazil Eucalyptus Pulp Wood Price Index (100 basis)



Our take on Suzano's position

1.

Before 2022, Suzano already had more than 95% of the land it has today

2.

That represents a 64% of own wood supply for producing pulp, the best in the industry

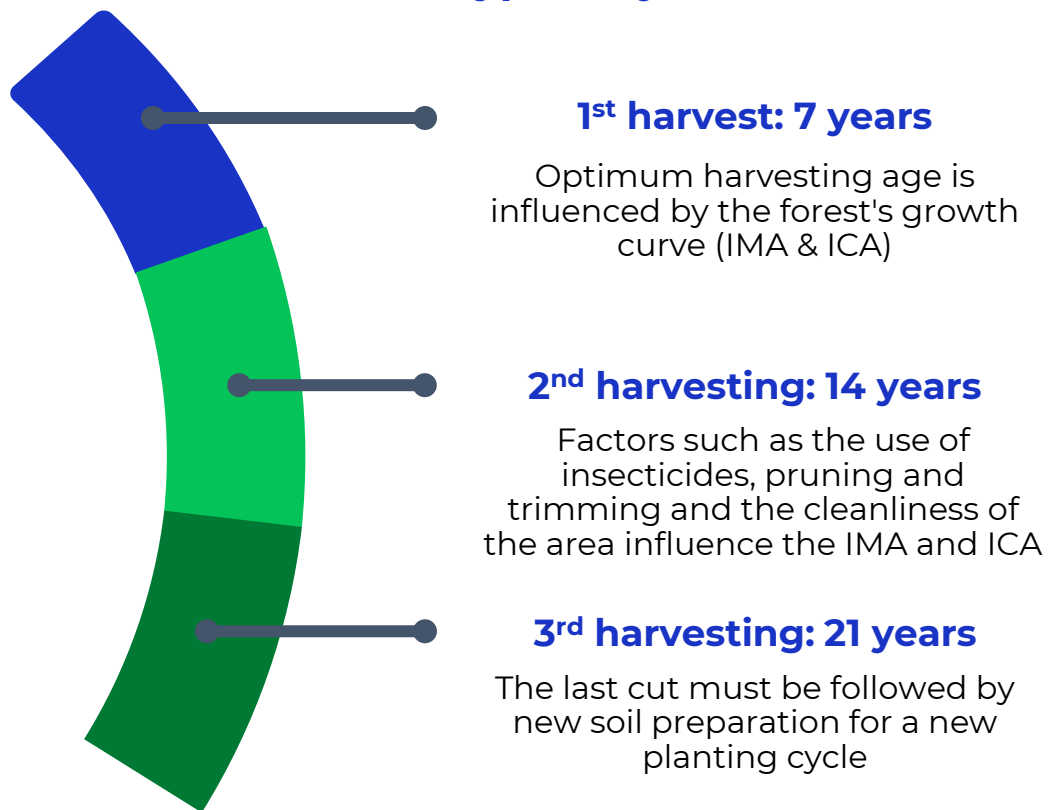
3.

With a large portion of own wood, Suzano minimize the losses with the rise on wood prices

Eucalyptus Cycles

How do the eucalyptus cycles and cuts work?

Eucalyptus cycles



Cash costs tend to decrease over the learning curve of the cuts, due to lower planting and maintenance costs

Factors that affect eucalyptus productivity

1.

Eucalyptus needs a lot of **water**, so soils with plenty of water are essential

2.

Regions with **regular rainfall** help trees to grow, as does **high air humidity**

3.

Good **soil preparation** and **selection of seedlings** are essential for great production

4.

Correct use of insecticides helps fight pests and increase eucalyptus productivity

5.

Harvesting during the raining season increases the longevity of the trees

6.

Topography and **soil fertility** are also essential factors in eucalyptus production

Eucalyptus Attractiveness Index

How did we conduct our index analysis?

We made a regression of 4 variables

Index Variables

- ✓ Average temperature (°C per year)
- ✓ Average precipitation (mm per year)
- ✓ Country elevation (meters)
- ✓ Terrain ruggedness by country

All **193** countries analyzed.

All data from...



How our data were organized

Index Variables

País	Average Elevation (meters)	Terrain Ruggedness Index 100m	Average Temp (°C)	Average precipitation (mm per year)	Y
Brazil	0.17	0.05	0.87	0.54	0.9
Chile	0.99	0.52	0.40	0.47	0.9
China	0.98	0.39	0.35	0.19	0.6
Italy	0.28	0.52	0.51	0.25	0.1
Mexico	0.59	0.36	0.76	0.23	0.5
USA	0.40	0.22	0.41	0.22	0.4
Uruguay	0.06	0.09	0.65	0.40	0.6
(..)					

Regression:

$$= -0.09 + 0.73 \times Elv. - 0.87 \times Rug. + 0.27 \times Temp. + 1.26 \times Prec.$$

Why Brazil and not Other LatAm countries?

Brazil is highly efficient, with above-average productivity

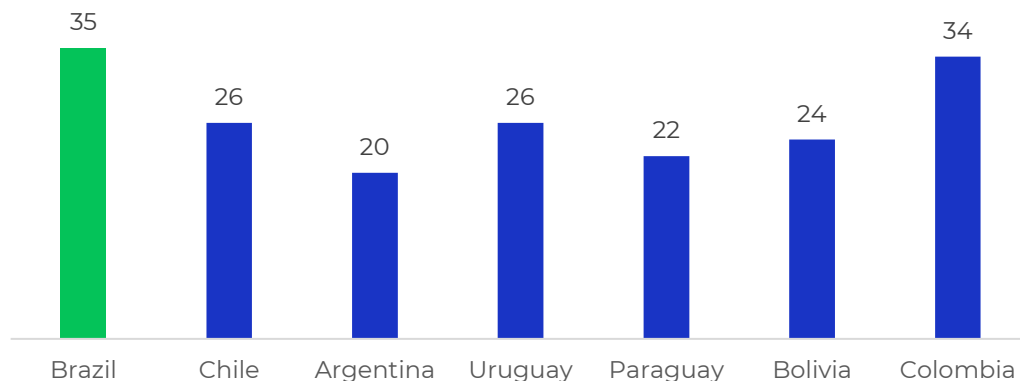
	Brazil	Chile	Argentina	Uruguay	Colombia	Bolivia
Great Climate Conditions	✓	✓	✗	✓	✓	✗
Adequate Infrastructure	✓	✓	✓	✓	✓	✗
Certified Land Availability	✓	✗	✗	✗	✗	✗
Geopolitical Stability	✓	✓	✗	✓	✓	✗
High Productivity	✓	✗	✗	✗	✓	✗
Short Plantation Cycle	✓	✗	✗	✗	✗	✗
Fertile Soil	✓	✓	✓	✓	✓	✓

Why Brazil and not other LatAm countries?

Brazil is highly efficient, with above-average productivity

Brazil has the highest productivity due to great climate conditions

Productivity (m³/ha/year)



Brazil's Geopolitical Stability

1.

Brazil historically maintains a **non-aggressive foreign policy**, focusing on diplomacy and peaceful resolutions to conflicts, further promoting stability

2.

Brazil has a long-standing tradition of **democratic governance**, which provides stability through the rule of law and institutional frameworks

3.

The country has experienced a **stable political environment**, avoiding frequent changes in government or drastic political upheavals

Brazil has the most FSC-recognized land in South America

Certified Land



- ✓ Brazil has 8 mn ha of FSC certified land
- ✓ FSC's practices reduce the chances of fires
- ✓ Certification is extremely important for exports
- ✓ FSC practices favor transparency and traceability of wood

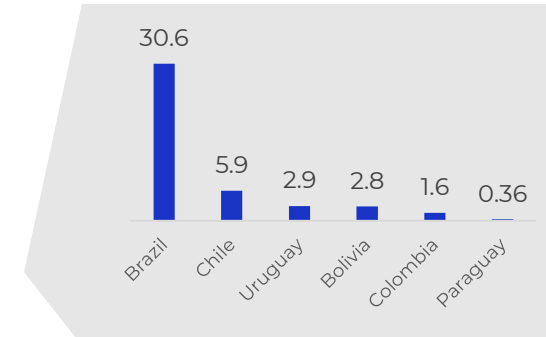
Brazil has the best logistics and investments for the sector

Adequate Infrastructure

A maritime nation facing the ocean.



The largest rail network in LatAm (k km)

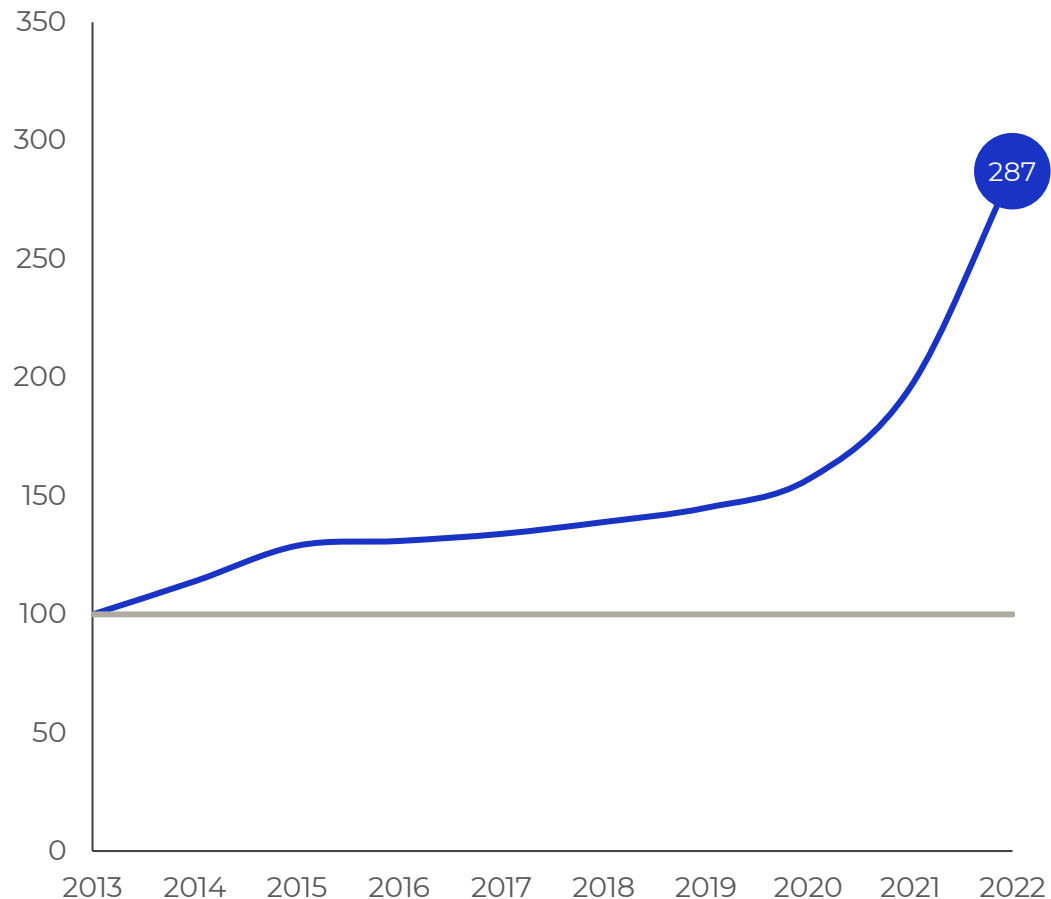


Farmland Price Index

Farmland prices have increased a lot on the past years, but Suzano created its moat before

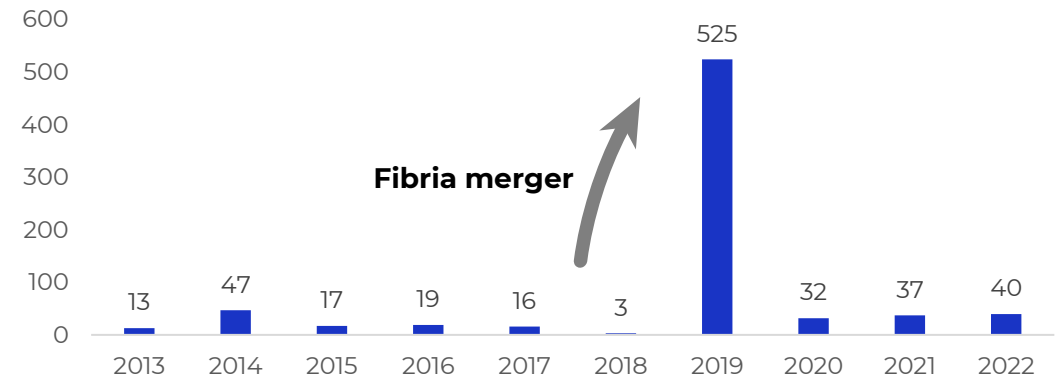
Farmland prices almost tripled since 2013...

Farmland Price Index in Brazil (100 basis)



... But Suzano has bought its lands previously

Suzano's Lands Acquisition (mn ha)



1.

With the increase in competitiveness coming from all industries, **farmland prices have tripled** recently

2.

This makes it difficult for all P&P players to acquire new land

3.

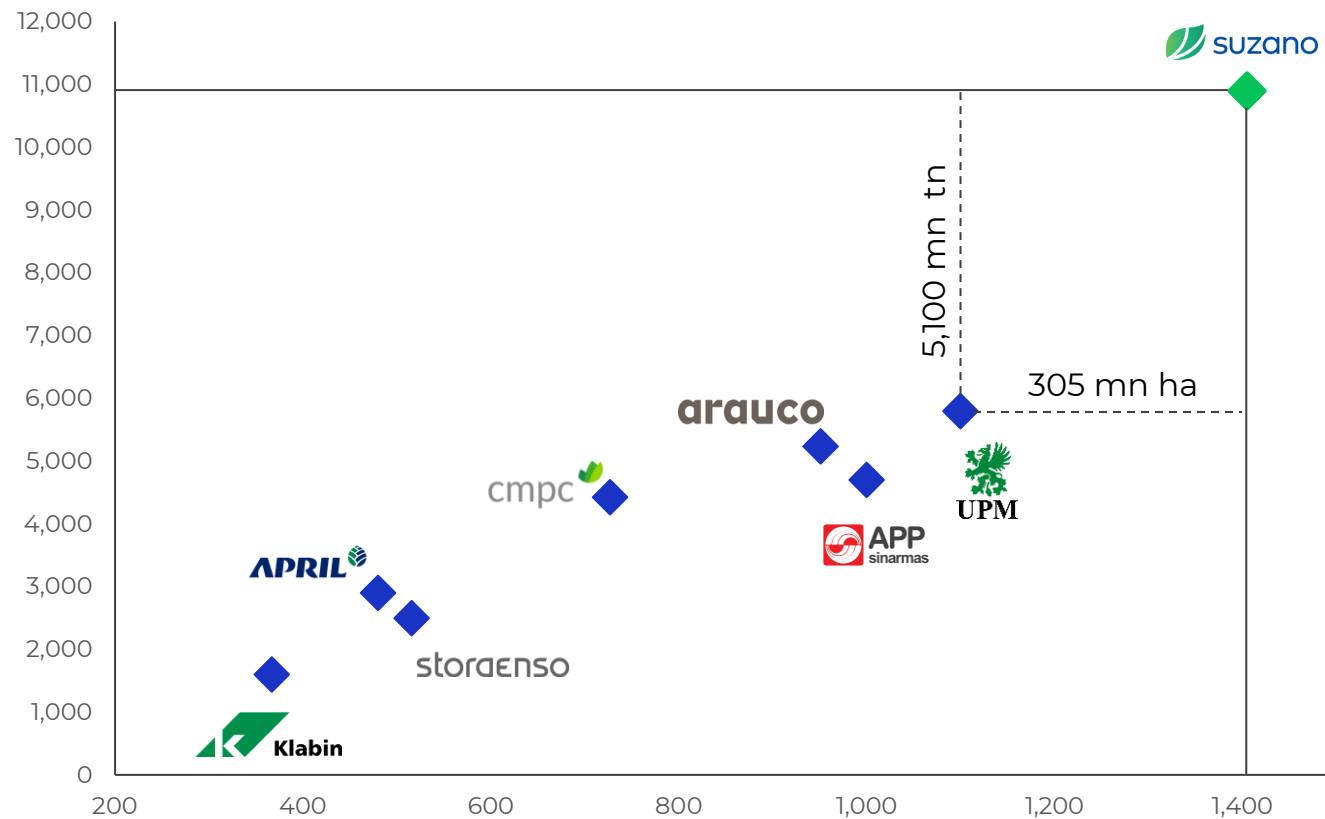
We see Suzano very well positioned, as it had purchased more than 90% of all its land before 2020, especially with the merger with Fibria

Suzano's Unreachable Positioning

Suzano's dominance is derived from its size and scale, exceeding peers' capacity and productivity

Suzano gains advantages from its large production area, surpassing its peers in several factors

Capacity ('000 tn) x Area ('000 ha)



Our take on Suzano's position

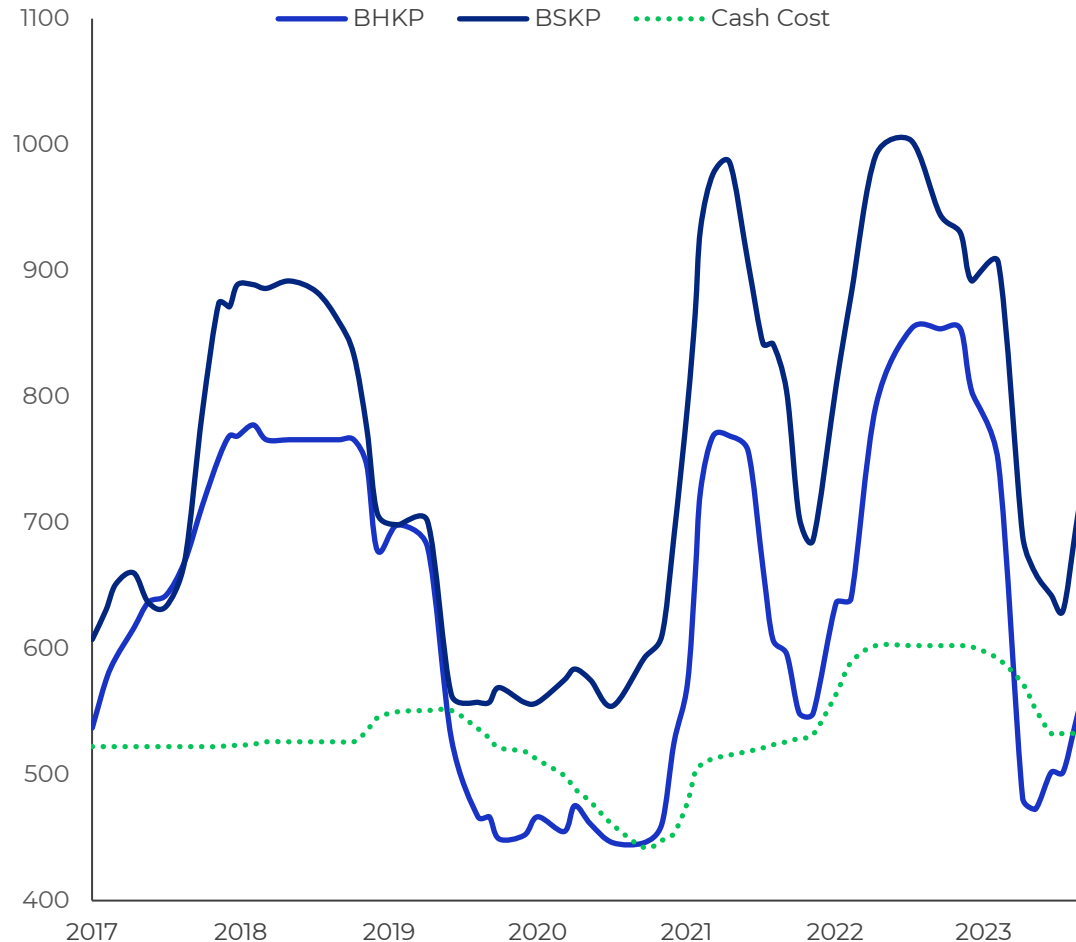
1. Greatest capacity, being unreachable
2. Lower costs due to scale
3. Unique in the sector

Pulp Prices x Chip Costs Spread

High prices push for new capacity and low price levels take out capacity from high cost producers

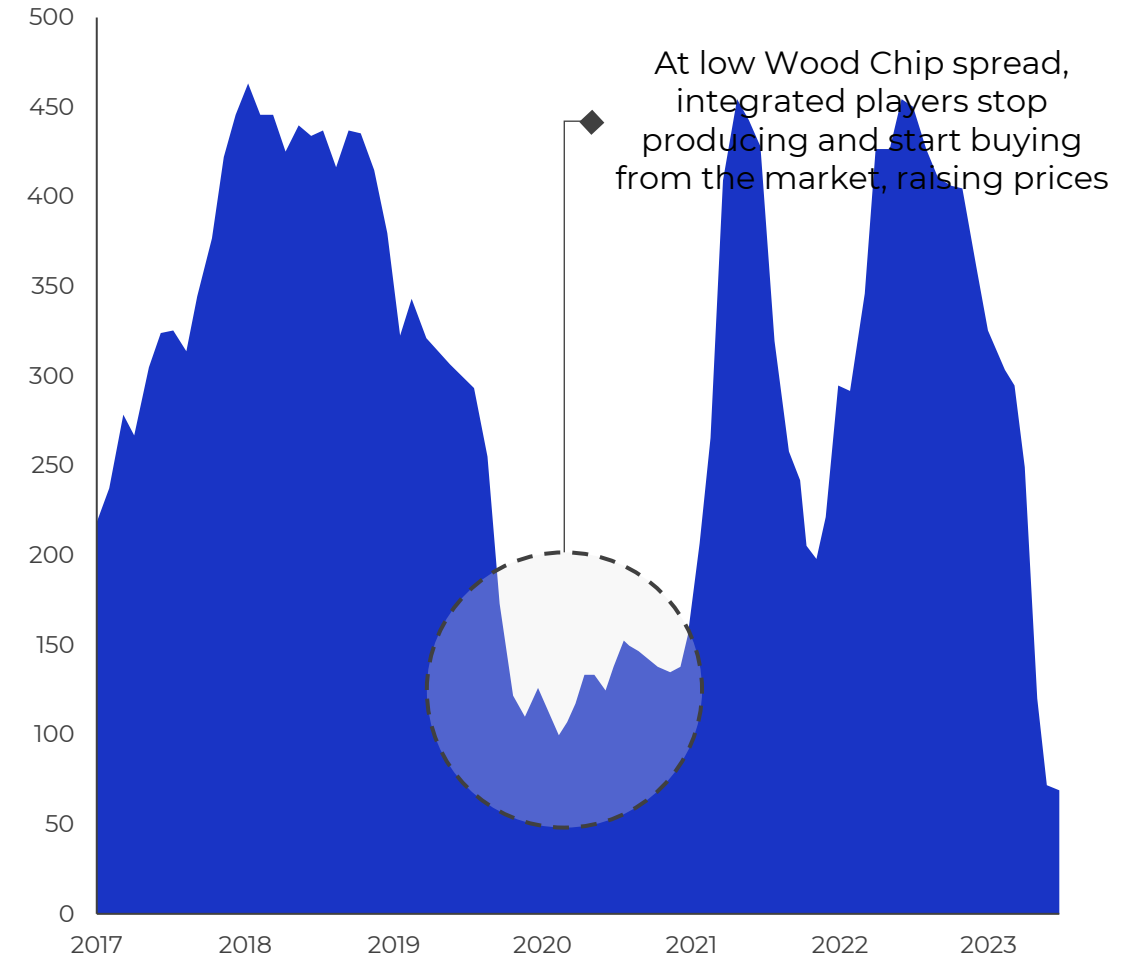
Pulp prices behave in cycles

BHKP & BSKP prices (USD/tn) vs Industry Marginal Cost (USD/tn)



Wood Chip historically had a big gap to BEKP

Spread BEKP (USD/tn) to Wood Chip



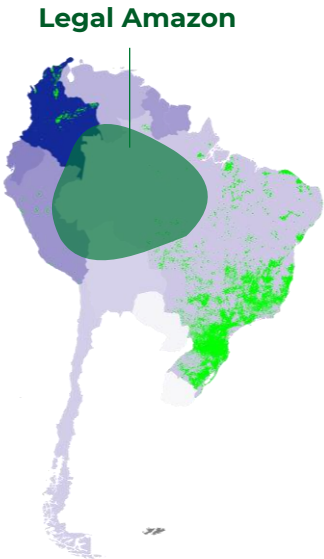
Available Wood Post Cerrado



No other project will have the capacity to operate with its own wood after the Cerrado’s rollout

Certified wood production is already at all available locations
Current Eucalyptus plantations

```
R Studio
37 # Filtrar apenas os países da América Latina
38 latin_america <- world_data %>%
39   filter(subregion %in% "South America")
40
41 shapefile <- st_read("C:/Users/bsgre/OneDrive/Arquivos/Mapas/América Latina/shapefile/latin_america.shp")
42
43 countries <- latin_america$admin
44 shapefile %>%
45   filter(country %in% countries)
46 countries
47
48 shapefile$geometry[, 1]
49
50 ggplot() +
51   geom_sf(data = shapefile$geometry) +
52   theme_void() +
53   theme(legend.position = "bottom") +
54   theme(legend.key.width = unit(2, "cm"))
55
56
57
58
59 plot2 <- ggplot(data = latin_america) +
60   geom_sf(aes(fill = V, color = NA)) +
61   geom_sf(data = shapefile, fill = "Black", alpha
62     scale_fill_gradient(low = "transparent", high
63     theme_void() +
64     theme(legend.position = "bottom") +
65     theme(legend.key.width = unit(2, "cm")) +
66     guides(fill = guide_colourbar(title.position =
67
68 Plot2
```



No country has space for more than one big Pulp project
Wood availability in LatAm

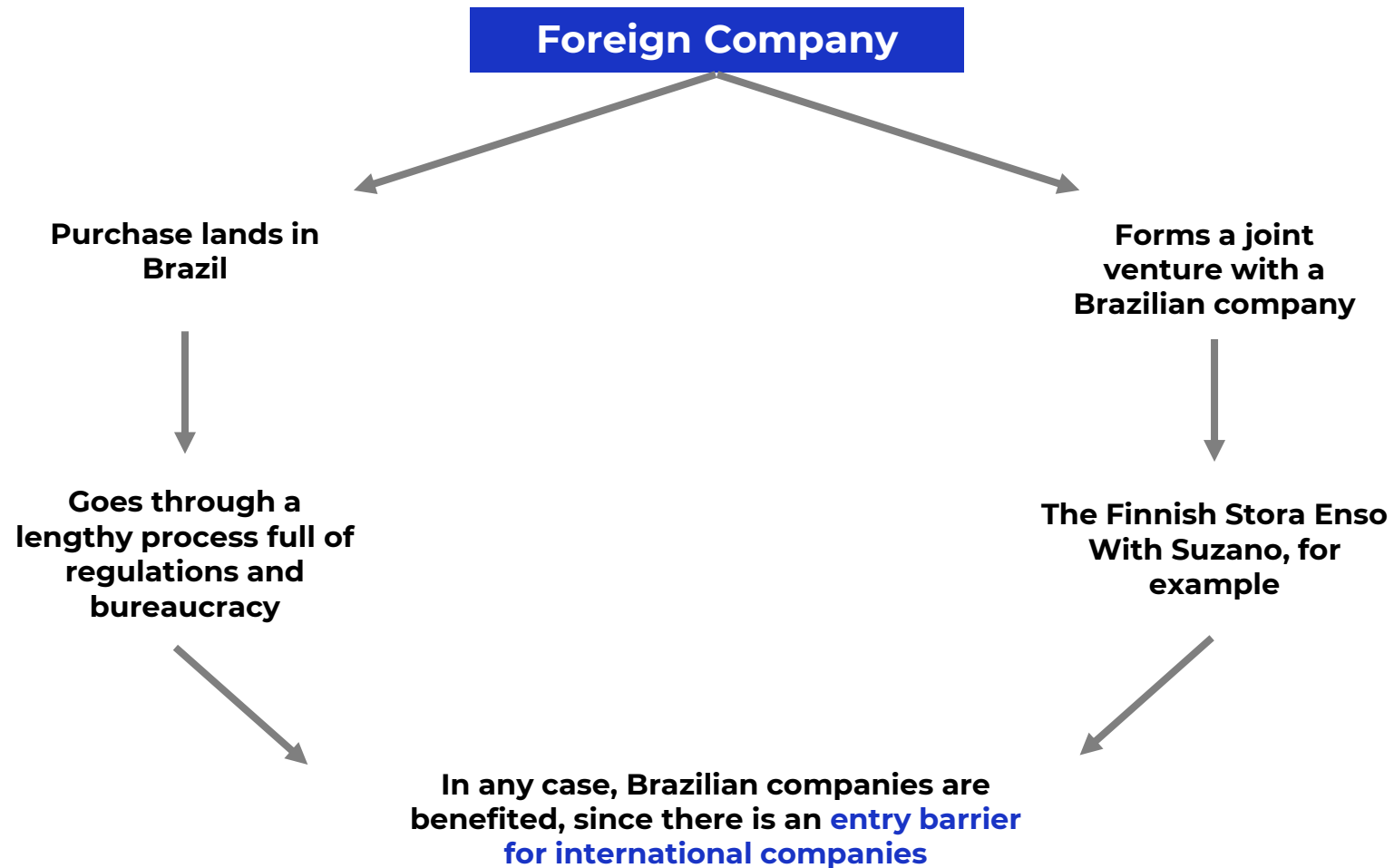
	Brazil	Other LatAm
Eucalyptus Plantations (mn ha)	3.0	2.4
Estimated Max Pulp Capacity (mn tn)	26.5	14.9
Current Capacity (mn tn)	25.1	12.7
Available Capacity (mn tn)	1.4	2.2
Number of “Cerrados”	0.6x	0.8x

	Eucalyptus Plantations (ha)	Productivity (m³/ha/year)	Total Eucalyptus Productions (m³)	Total Pulp Capacity (year)	Current Pulp Capacity (year)	Available Capacity (year)	In Use (%)
Chile	866.472	26	22.528.272	5.632.068	5.200.000	432.068	92,33%
Brazil	3.030.000	35	106.050.000	26.512.500	25.050.000	1.462.500	94,48%
Argentina	324.382	20	6.487.640	1.621.910	810.000	811.910	49,94%
Uruguay	864.139	26	22.467.614	5.616.904	4.800.000	816.904	85,46%
Paraguay	361.000	22	7.942.000	1.985.500	1.800.000	185.500	90,66%

Source: Team 4, Ibá, FAO

Land Purchase by Foreigners

Brazilian legislation makes it difficult for foreign companies to acquire forests

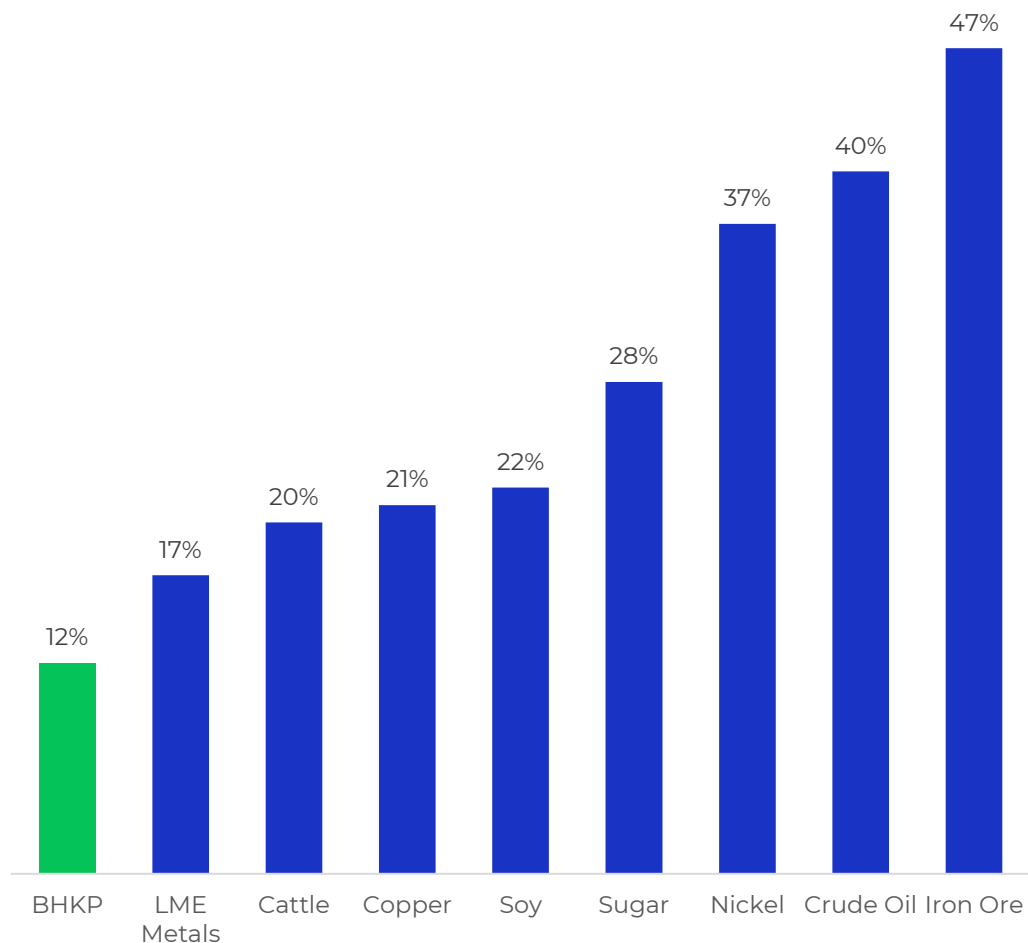


BHKP Volatility Analysis

In addition to being very well positioned in the market, Suzano trades the least volatile commodity

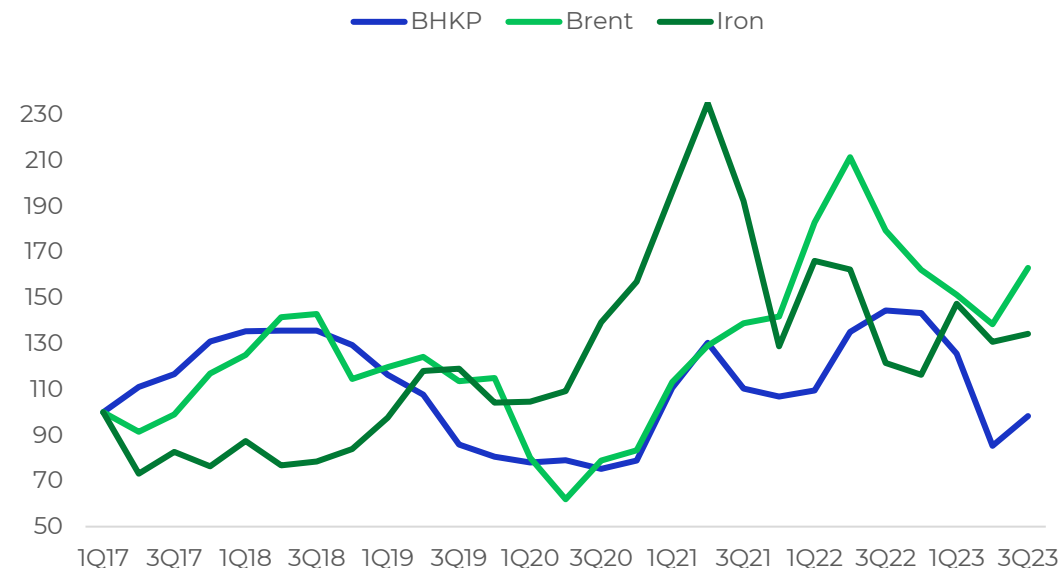
Despite being cyclical, pulp is the least volatile commodity

Historical Volatility of Commodities (USD)



Prices were recently pressured by new capacity announcements

BHKP price over the last years (in USD)



1.

As the least volatile commodity, Suzano can benefit from more **constant cash flows** over the years

2.

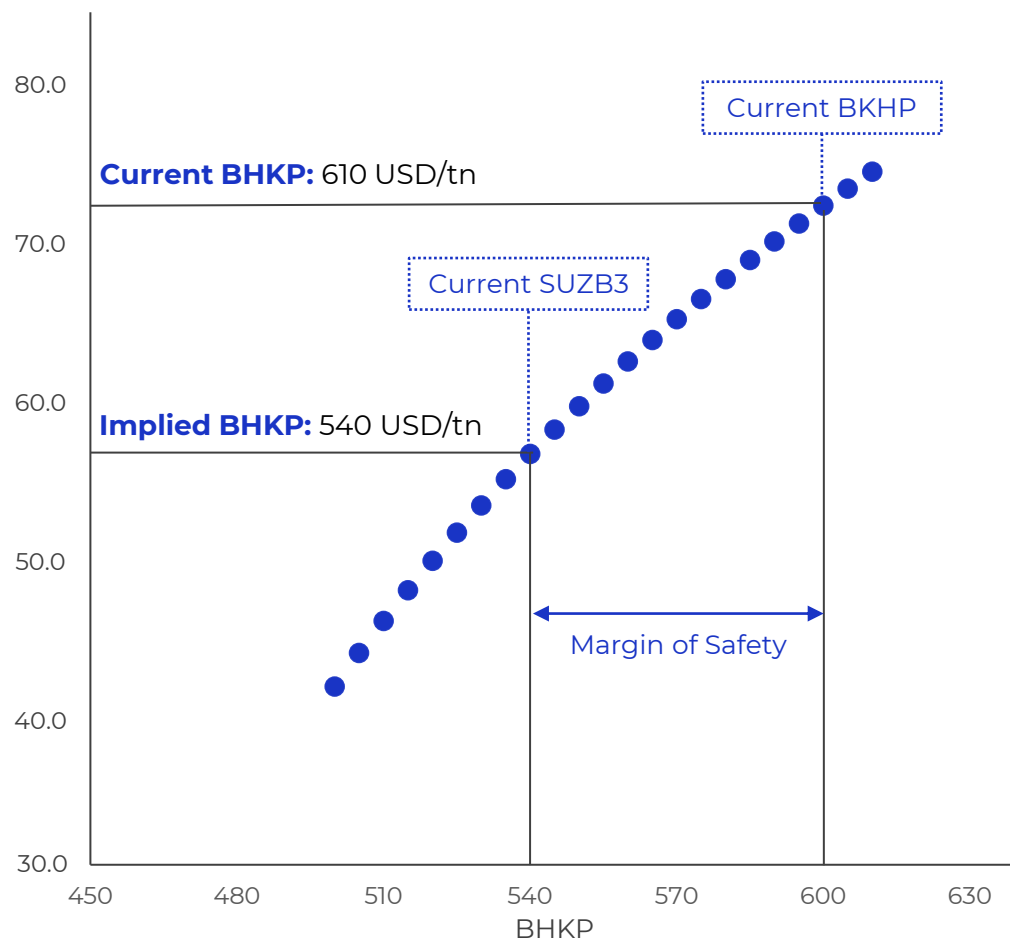
Because BHKP is less volatile, **investors have the security to invest in P&P**, considered a "utility sector at the base"

Reverse DCF: Suzano's Implied Pulp Price

Suzano is **trading** an implicit Pulp price of 540 USD/tn, well **below our estimates**

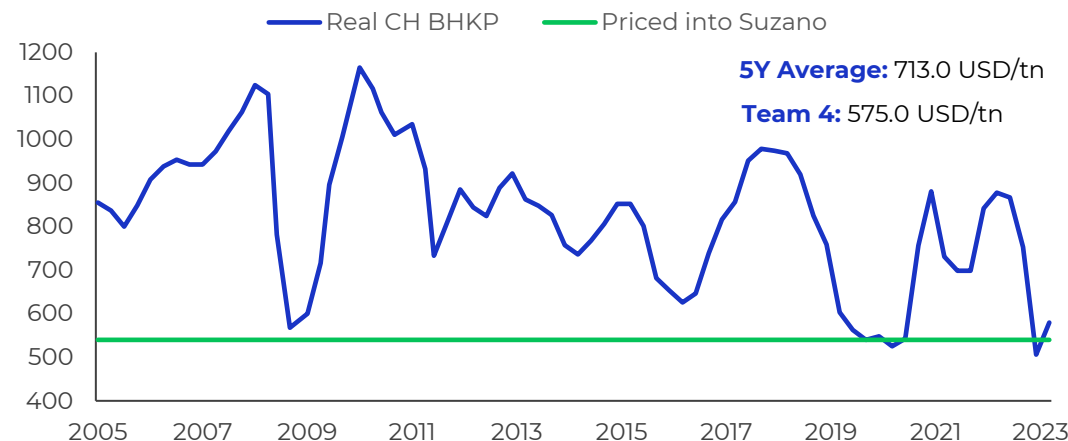
Our implicit Pulp price analysis shows a very discounted Suzano

Suzano Share Price (BRL) vs Implicit Pulp Price (USD/tn)



Current price levels are unsustainably low from a historical view

Real CH BHKP (USD/tn Adjusted by US CPI to 2023 Prices)



1.

Assembling a reverse DCF, we see that the **implicit price** that Suzano is traded at is **unsustainable**

2.

Being conservative, we expect a price of **USD 575 in the LT**, taken from our supply and demand model

Printing & Writing Business

Demand for P&W is decreasing due to new global trends. It corresponds for 14% of Suzano's Revenue

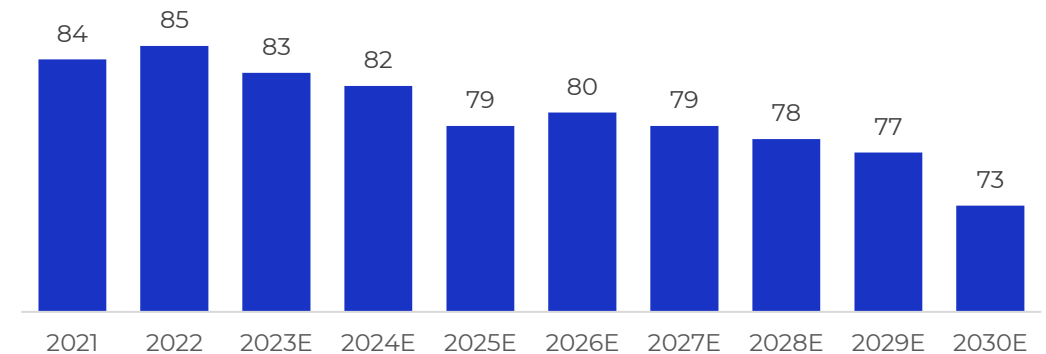
Suzano has a very wide portfolio, extremely diversified

Suzano's Asset Portfolio (tsd tn)

Unit	Pulp		P&W	Paper		Adjacent Business
	Integrated	Market Pulp		Paperboard	Tissue	Lignin
Imperatriz	60	1590	0	0	60	0
Mucuri	200	1480	250	0	60	0
Suzano	450	170	350	200	0	0
Limeira	290	400	400	0	0	20
Rio Verde	0	0	50	0	0	0
Facepa	0	0	0	0	30	0
Aracruz	0	2340	0	0	0	0
Três Lagoas	0	3250	0	0	0	0
Jacareí	0	1100	0	0	0	0
Veracel	0	560	0	0	0	0
Total	1000	10890	1050	200	150	20

P&W demand has been decreasing year after year

P&W demand (mn tn)



Not a good scenario for P&W!

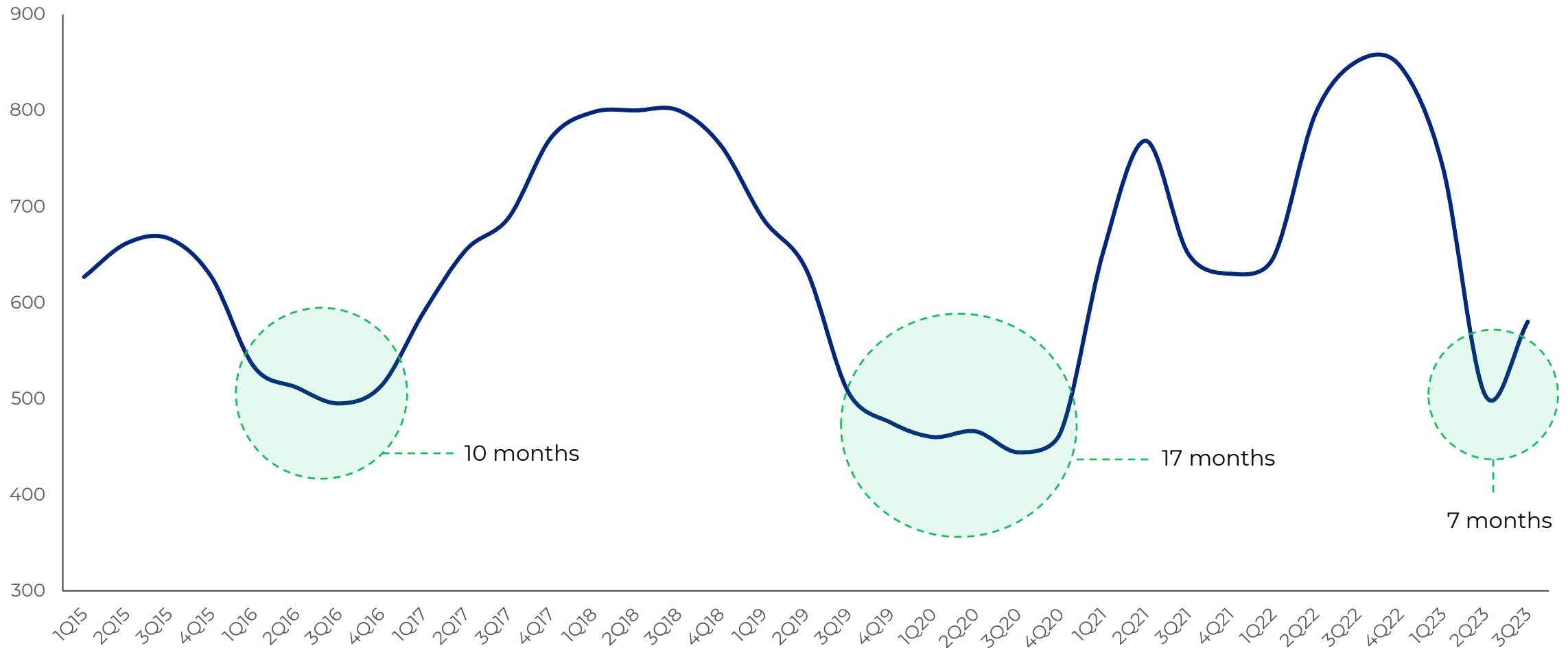
- ✓ E-commerce is here to stay
- ✓ Digital menus for restaurants
- ✓ Reading has become digital
- ✓ Documents have become digital
- ✓ Increasing and democratizing the use of technologies

BHKP Bear Markets Behavior

How long have pulp prices remained below marginal costs of production in the past?

The longest time below marginal cost was 17 months

BHKP price (USD)



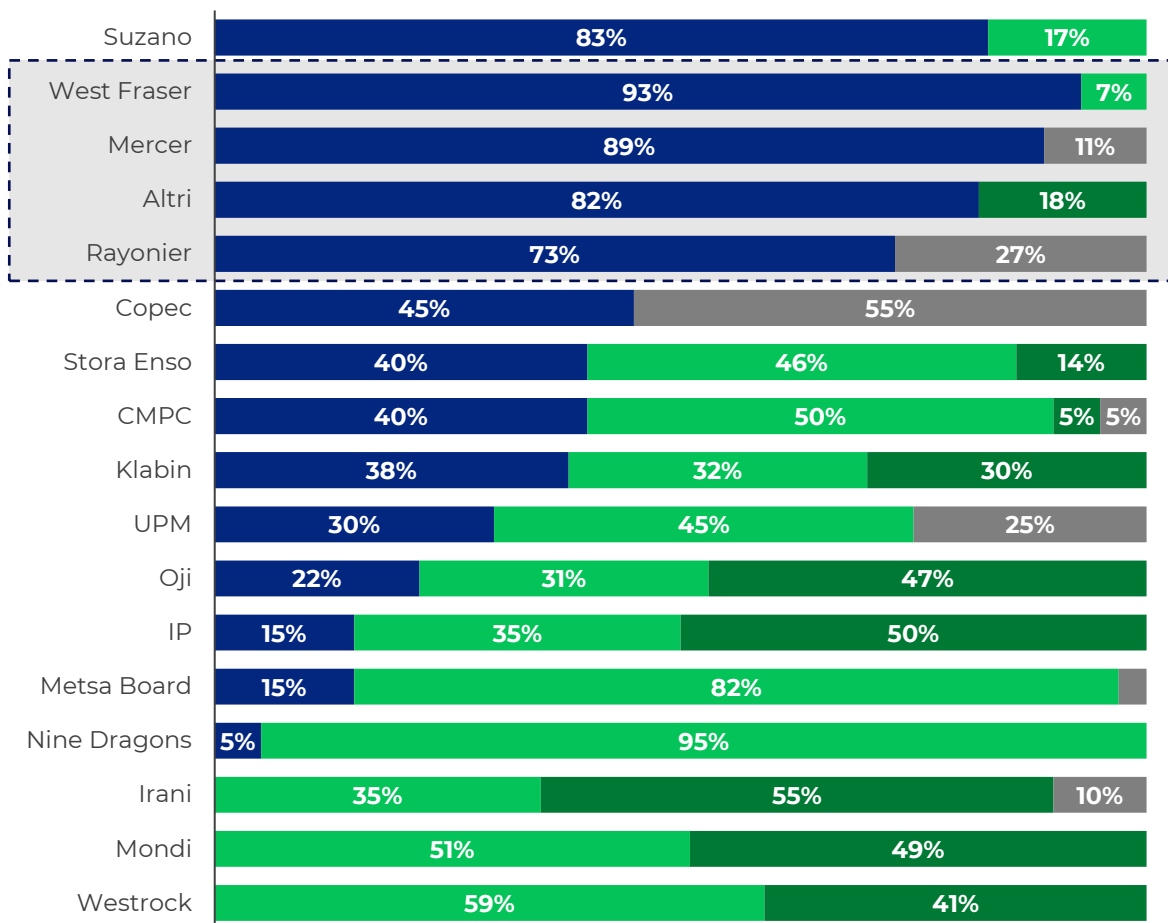
Exposure to Pulp Analysis

Suzano is one of the only players with a greater focus on Pulp, obtaining advantages in production and sales

Companies in the P&P sector are mostly focused on paper

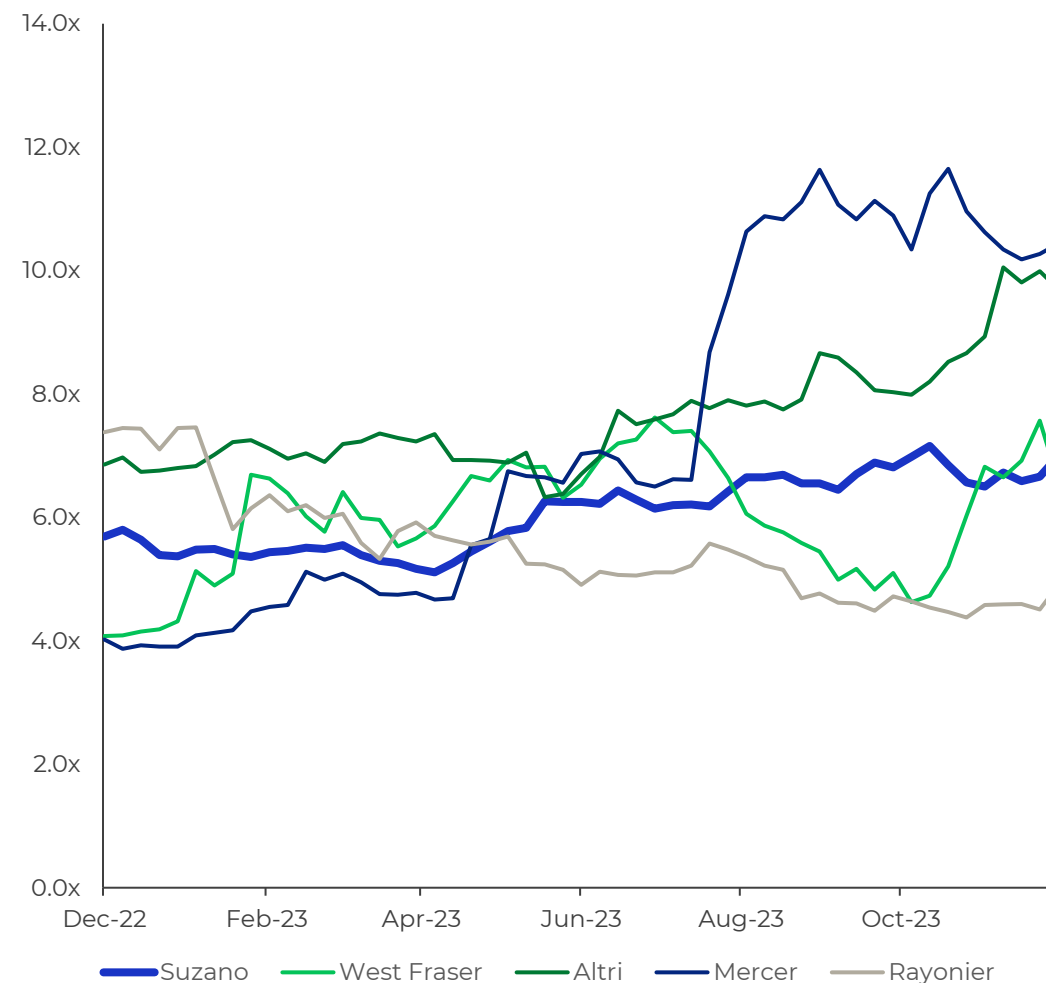
Top-line exposure comparison

■ Pulp & Forestry ■ Paper ■ Packaging ■ Others



Suzano trades below the average among peers

EV/EBITDA comparison among most comparable peers



Source: Team 4, Companies IR

Demand Side of Our Supply-Demand Model

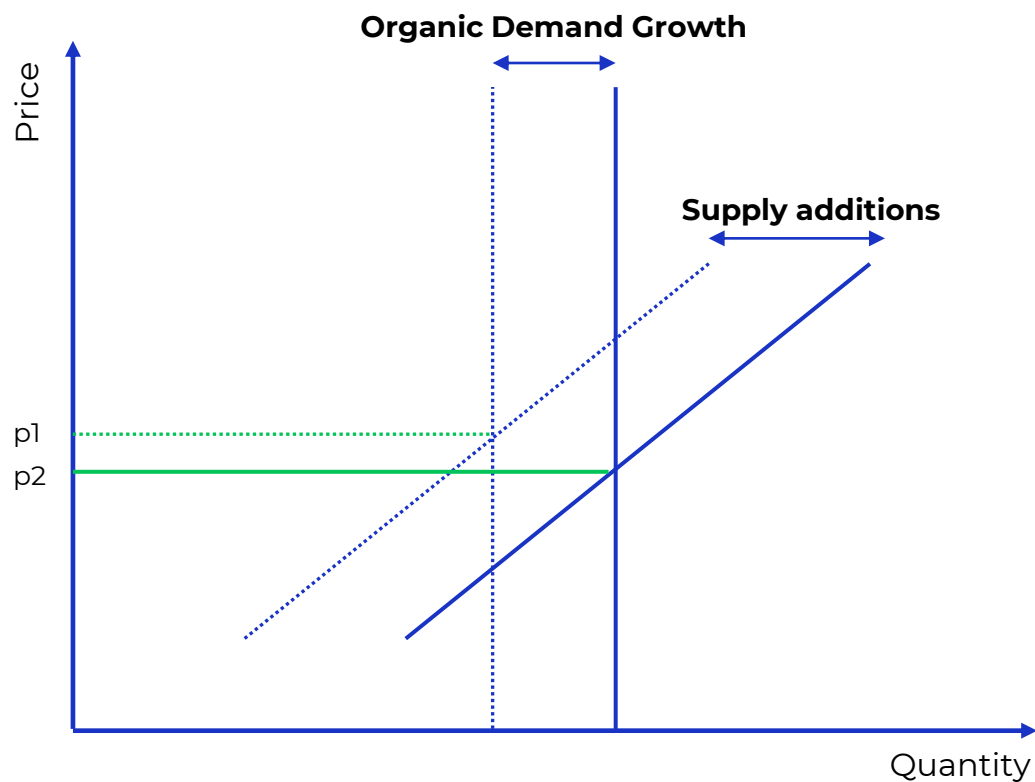
We elaborated a supply-demand model, reaching a 575 pulp price for the LT

Demand CAGR (2022-2027)

2.5% a.a

Supply CAGR (2022-2027)

2.2% a.a



1.

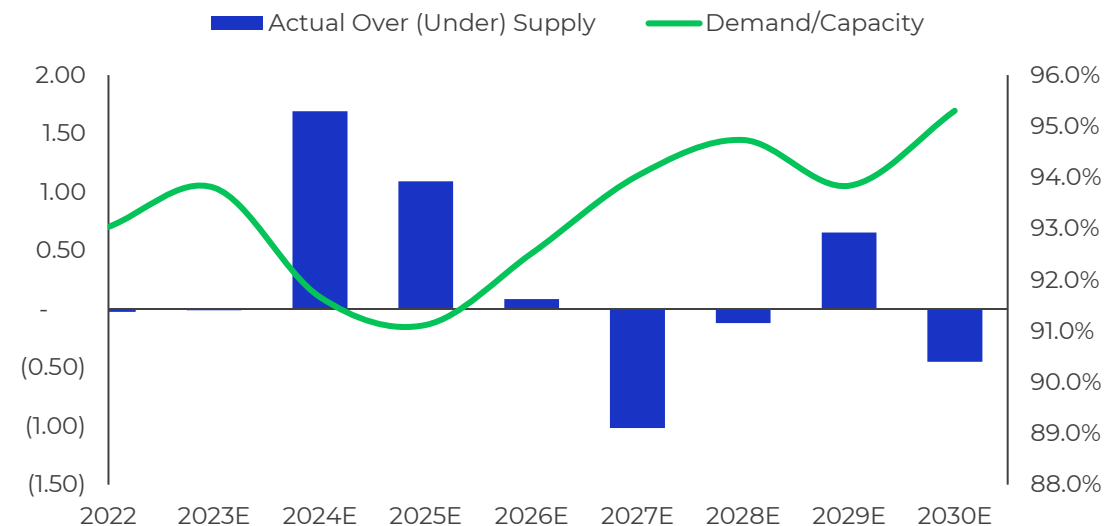
We considered an **inelastic demand** in the short run, not including restocking of integrated producers

2.

Our supply inclusions reflect the **currently announced projects and Sucuriú**

3.

Our **575 pulp price** is the price that **equals supply and demand post-2025**, reflecting a consistent LT equilibrium

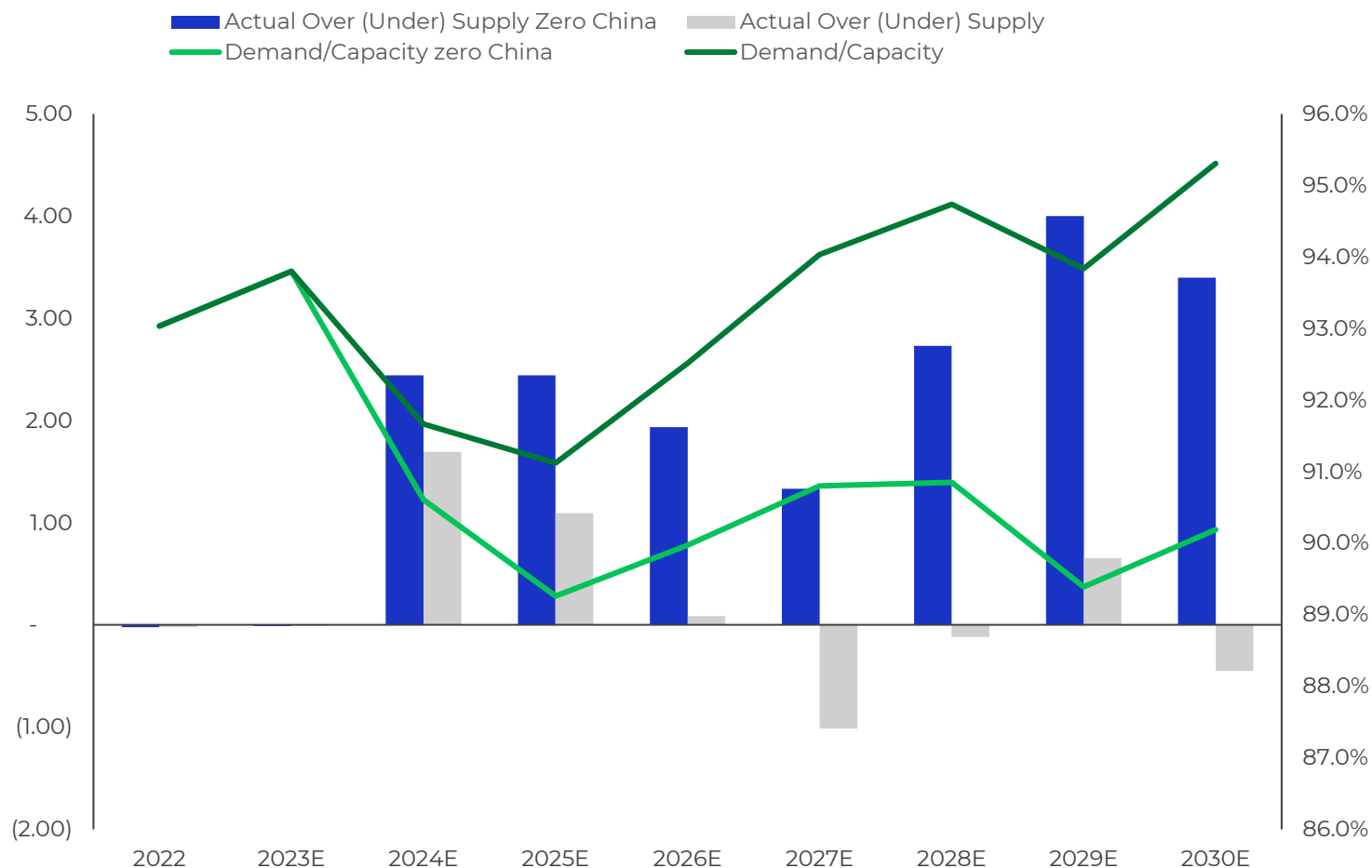


S&D: Stagnated China

What is our view of a Chinese stagnation

Assuming no Chinese demand growth post 2023

Supply and Demand Model



Upside Sensibility

		USD/BRL				
		4.4	4.7	5.0	5.3	5.6
BHKP (USD/tn)	525	-51.3%	-30.3%	-10.4%	8.0%	25.4%
	550	-34.5%	-12.7%	7.3%	25.7%	43.7%
	575	-17.1%	4.9%	27.2%	44.0%	61.9%
	600	0.4%	22.4%	42.8%	62.0%	80.2%
	625	17.8%	40.0%	60.6%	80.0%	98.4%

EV/EBITDA Sensibility

		USD/BRL				
		4.6	4.8	5.0	5.2	5.4
BHKP (USD/tn)	525	8.9x	8.2x	7.6x	7.1x	6.6x
	550	8.2x	7.6x	7.0x	6.6x	6.2x
	575	7.6x	7.0x	6.3x	6.1x	5.8x
	600	7.1x	6.6x	6.1x	5.7x	5.4x
	625	6.6x	6.2x	5.8x	5.4x	5.1x

Demand Side of Our Supply-Demand Model

Key figures of our proprietary analysis

BCP Demand (mn tn)	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	CAGR (2022-2027)
Demand	65.72	60.00	60.50	63.60	64.96	66.16	67.26	68.36	2.5%
China	27.87	22.26	21.54	24.04	24.78	25.38	25.88	26.38	4.1%
YoY		-5.61	-0.73	2.50	0.75	0.60	0.50	0.50	
Western Europe	13.53	13.79	14.15	14.29	14.44	14.58	14.73	14.87	1.0%
YoY		0.26	0.37	0.14	0.14	0.14	0.14	0.14	
North America	7.76	7.59	7.71	7.79	7.87	7.94	8.02	8.10	1.0%
YoY		-0.17	0.13	0.08	0.08	0.08	0.08	0.08	
LatAm	3.75	3.77	3.93	4.01	4.09	4.17	4.25	4.33	2.0%
YoY		0.02	0.16	0.08	0.08	0.08	0.08	0.08	
Eastern Europe	2.90	2.94	2.90	2.95	2.99	3.04	3.08	3.13	1.5%
YoY		0.04	-0.04	0.05	0.05	0.05	0.05	0.05	
Japan	1.86	1.92	2.15	2.15	2.15	2.15	2.15	2.15	0.0%
YoY		0.06	0.23	0.00	0.00	0.00	0.00	0.00	
Oceania	0.36	0.34	0.41	0.41	0.42	0.43	0.44	0.45	1.9%
YoY		-0.02	0.07	0.01	0.01	0.01	0.01	0.01	
Other Asia/Africa	7.72	7.40	7.73	7.97	8.22	8.47	8.72	8.97	3.0%
YoY		-0.32	0.32	0.25	0.25	0.25	0.25	0.25	

Supply Side of the Supply-Demand Model

Key figures of our proprietary analysis

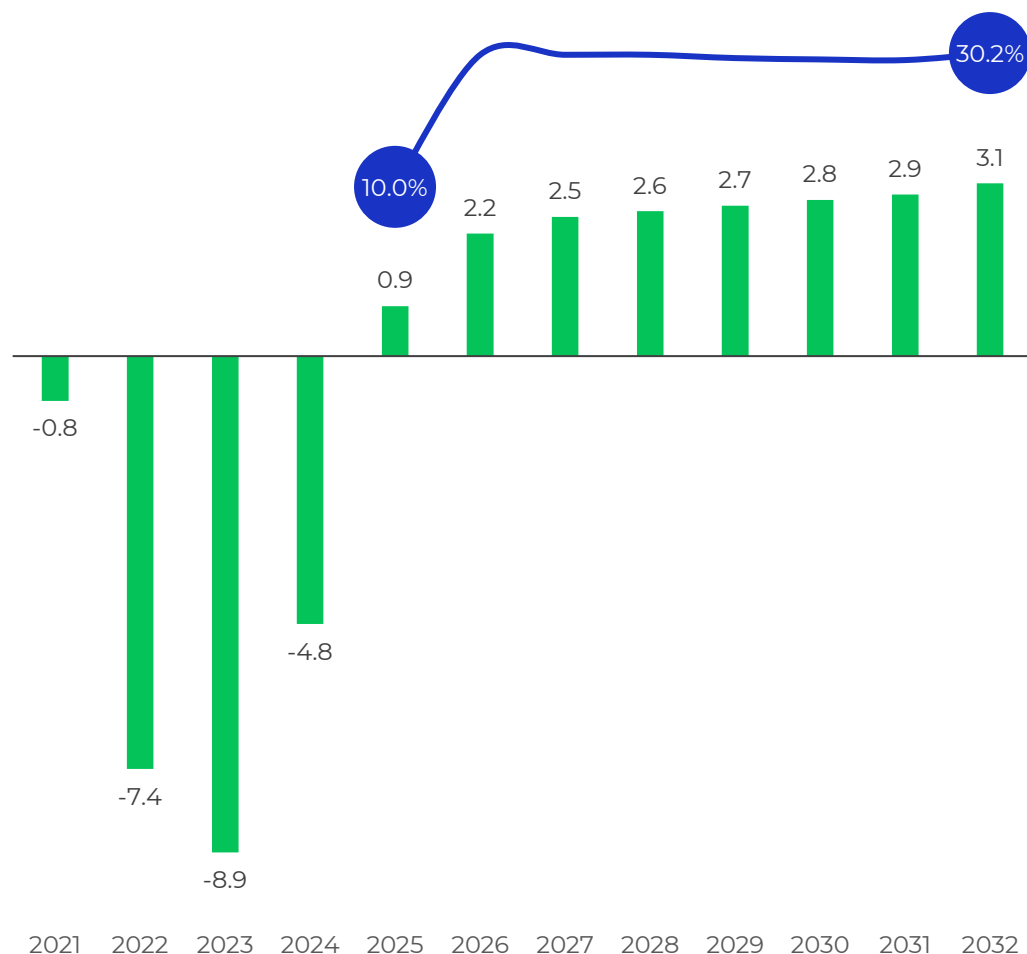
BCP Supply (mn tn)	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	CAGR 2022-2027
Supply	0.00	59.99	60.48	63.59	66.65	67.25	67.35	67.35	2.2%
Capacity	67.25	66.00	65.03	67.81	70.86	72.61	72.70	72.70	2.3%
BHKP	38.19	37.07	37.15	39.93	42.98	44.73	44.82	44.82	
BSKP	28.75	28.62	27.58	27.58	27.58	27.58	27.58	27.58	
Sulphite	0.305	0.305	0.305	0.305	0.305	0.305	0.305	0.305	
"Underwater" Capacity		6.01	4.55	4.213	4.213	5.354	5.354	5.354	
Utilization Rate		90.9%	93.0%	93.8%	94.1%	92.6%	92.6%	92.6%	
Forecasted Additions				2.78	3.06	1.74	0.10	0.00	
Suzano				-0.62	0.97	1.74	0.10		
ARAUCO				0.784	0.745				
UPM				1.006	0.989				
Kemi				0.62	0.59				
Bracell				0.208					
Stora Enso				-0.119	-0.238				
Temporary disruptions				0.9					

Cerrado Cash Generation

Cerrado generates strong FCFF

Strong cash generation

FCFF Yield (BRL bn)



Cerrado is much more efficient than current Suzano and proves to be a great project investment

	Current Suzano	Cerrado Project
Cash Cost (BRL/tn)	861	400
Average Radius (km)	156	65
Capacity (mn tn)	10.9	2.55
Energy surplus (MWh/tn)	0.14	0.63

Cerrado will enhance Suzano's productivity!

		USD/BRL				
		4.4	4.7	5.0	5.3	5.6
BHKP (USD/tn)	525	8.5%	9.9%	11.2%	12.4%	13.5%
	550	10.1%	11.5%	12.7%	13.9%	14.9%
	575	11.6%	12.9%	14.4%	15.2%	16.3%
	600	12.9%	14.2%	15.4%	16.5%	17.5%
	625	14.2%	15.4%	16.6%	17.7%	18.7%

WACC = 9.5%

A bad investment only in the worst scenario

Cerrado: Logistics

Suzano operates with a fully integrated chain, offering advantages at all ends



Exclusive Partnership Contract



Why is it relevant for Suzano?

Integrated logistics is important in commodity markets

12 vessels exclusively dedicated to its export operations

This strategic approach not only optimizes transportation capacity, but also ensures efficient and timely logistics

This allows control over its export operations, contributing to cost reduction and logistics efficiency maximization

Reinforces its dedication to advanced operational practices!

Key Logistic Info.

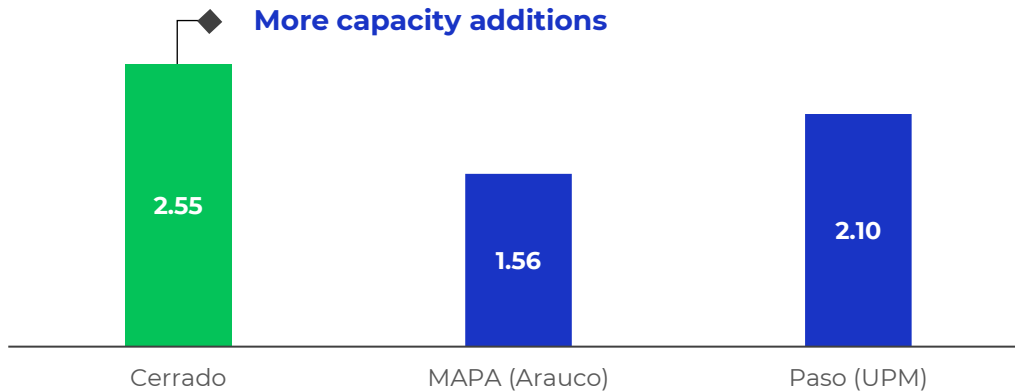
Mills	11
Ports	3
Vessels	12
Average Radius	156 km
Countries	86
Planted Area	1.4mn ha

Comparison with Mapa and Paso

In comparison with other new mills, Cerrado is the highlight

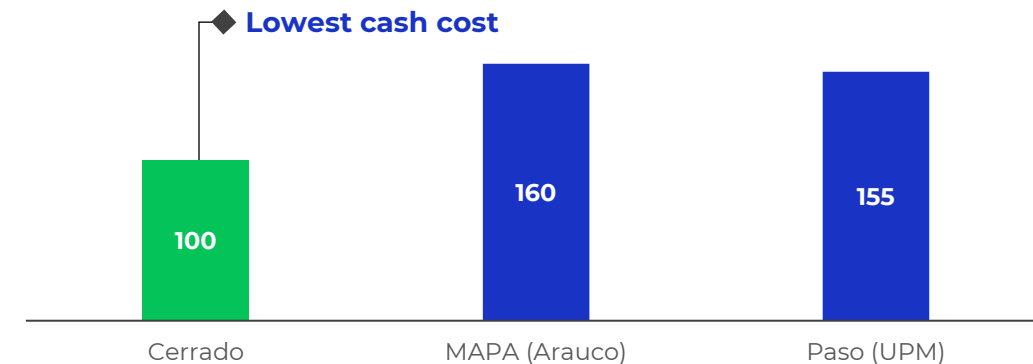
Suzano's project excels in capacity, with a higher production

Capacity addition (tn)



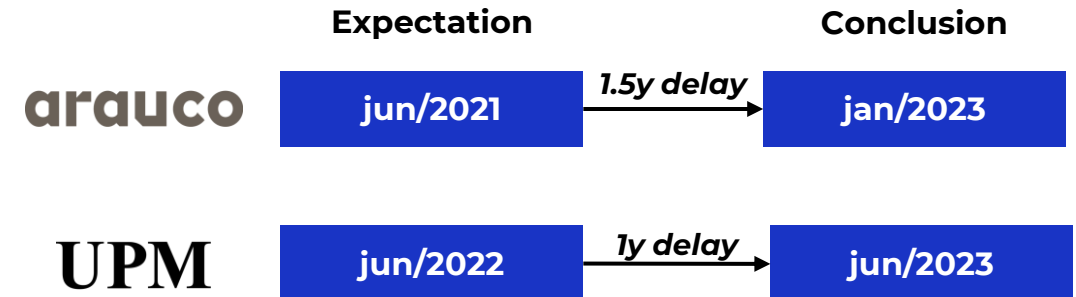
... In efficiency, with the lowest cash cost

Cash Cost (USD/tn)

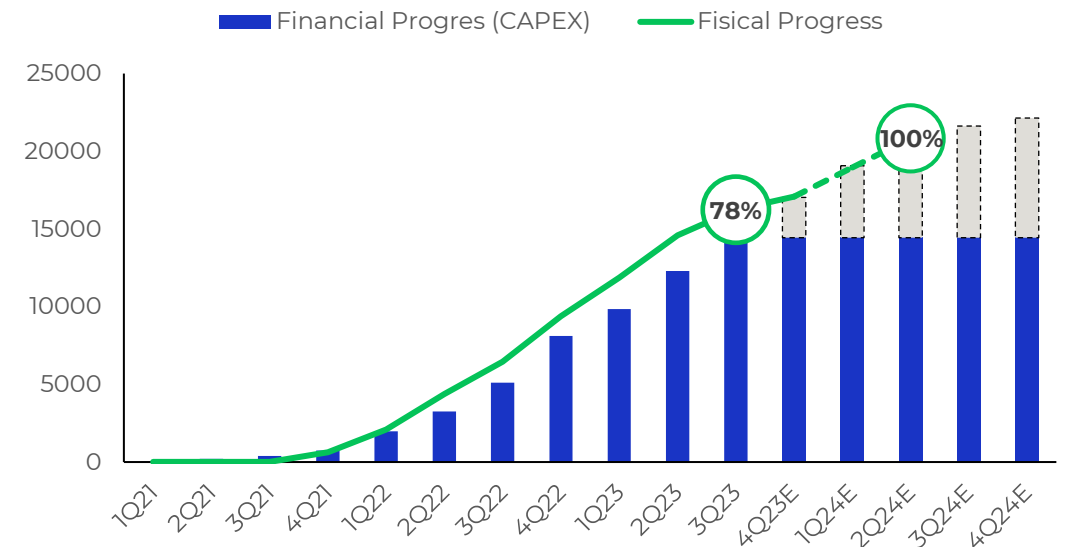


... And in execution, with no project delays

Projects Execution



Cerrado



Projects Comparison

How will the new projects in LatAm work?

UPM's Paso de Los Toros

- ◆ Starting date: 2Q23
- ◆ Capacity Addition: 2.1 mn tn
- ◆ CapEx: BRL 18.6 bn
- ◆ CapEx/Cap. Addition: 8.9x
- ◆ Est. amount of wood: 8.4 mn tn
- ◆ Energy surplus: 110 MW
- ◆ Location: Uruguay

Paso de Los Toros expects to have a BRL 775 cash cost after maturity

Arauco's MAPA

- ◆ Starting date: 1Q23
- ◆ Capacity Addition: 1.56 mn tn
- ◆ CapEx: BRL 15.3 bn
- ◆ CapEx/Cap. Addition: 9.8x
- ◆ Est. amount of wood: 6.3 mn tn
- ◆ Energy surplus: 132 MW
- ◆ Location: Chile

Arauco's MAPA expects to have a BRL 800 cash cost after maturity

Suzano's Cerrado project

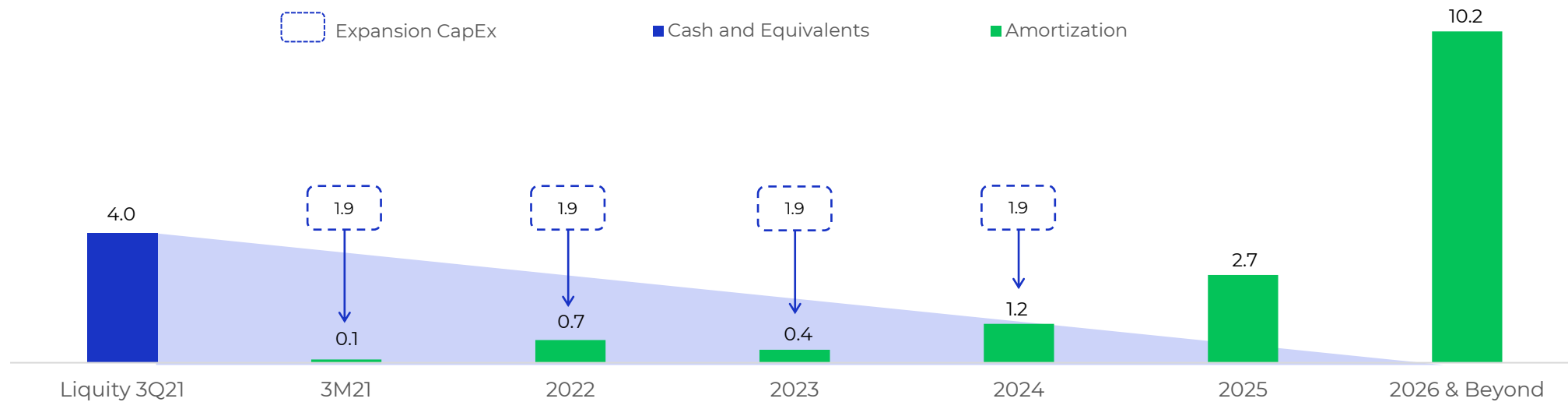
- ◆ Starting date: 3Q24
- ◆ Capacity Addition: 2.55 mn tn
- ◆ CapEx: BRL 22.2 bn
- ◆ CapEx/Cap. Addition: 8.7x
- ◆ Est. amount of wood: 10.2 mn tn
- ◆ Energy surplus: 180 MW
- ◆ Location: Brazil

Cerrado project expects to have a BRL 400 cash cost after maturity

Cerrado: Funding Strategy

Suzano's financial standing & cash generation provide its ability to comfortably handle repayments

Suzano's perspectives regarding amortization & liquidity



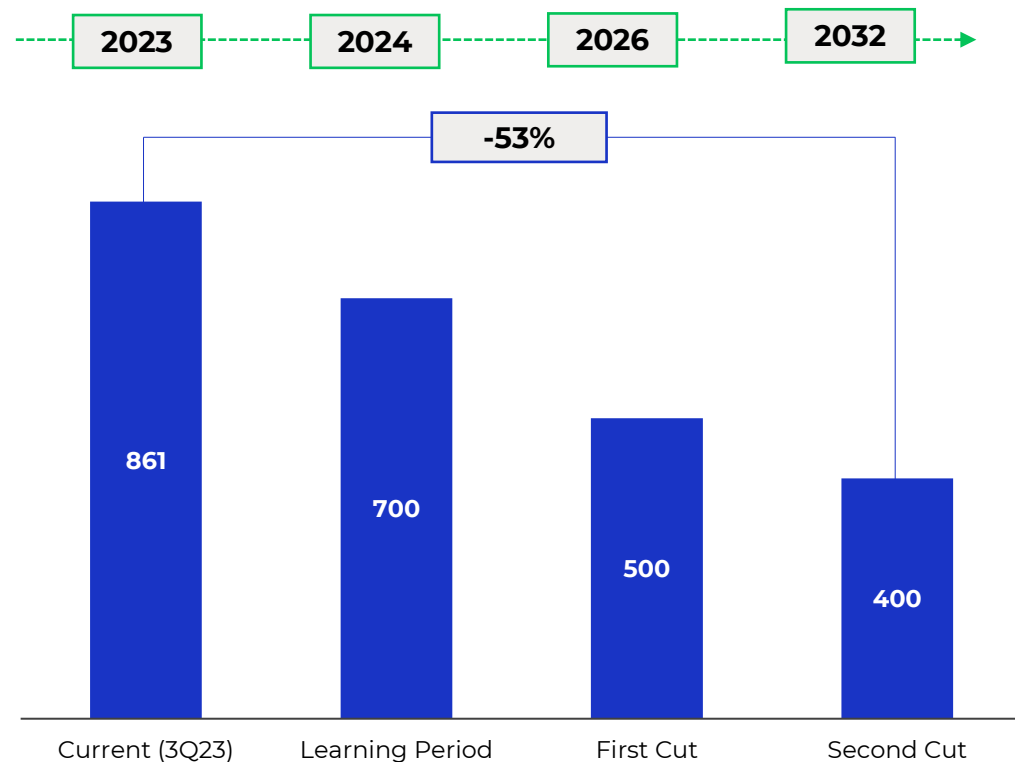
- ◆ We posit that upon the announcement of the completed project, Suzano found itself in a **highly favorable liquidity position**
- ◆ The company was capable of meeting its amortization schedule until 2025, translating to an average amortization period of 90 days
- ◆ CAPEX: 67% in BRL and 33% in EUR

Cerrado: Costs

Cerrado will bring advantages in costs, capacity and efficiency

Cerrado Project will be unbeatable after the learning curve

Cash Cost Evolution with Cerrado (BRL)



1. With higher efficiency, cash costs will be the biggest turning point

Even if guidance was not followed, Cerrado would still generate value

Cerrado IRR considering variations on Cash Cost and BHKP

		BHKP (USD/tn)				
		525	550	575	600	625
Cerrado Cash Cost (BRL/tn)	700	7.7%	9.5%	11.1%	12.7%	14.0%
	600	9.3%	11.0%	12.5%	13.9%	15.2%
	500	10.8%	12.4%	14.4%	15.1%	16.3%
	400	12.2%	13.7%	15.0%	16.2%	17.4%
	300	13.5%	14.9%	16.1%	17.3%	18.4%

WACC = 9.5%

A bad investment only in pessimistic scenarios

Cerrado: Performance

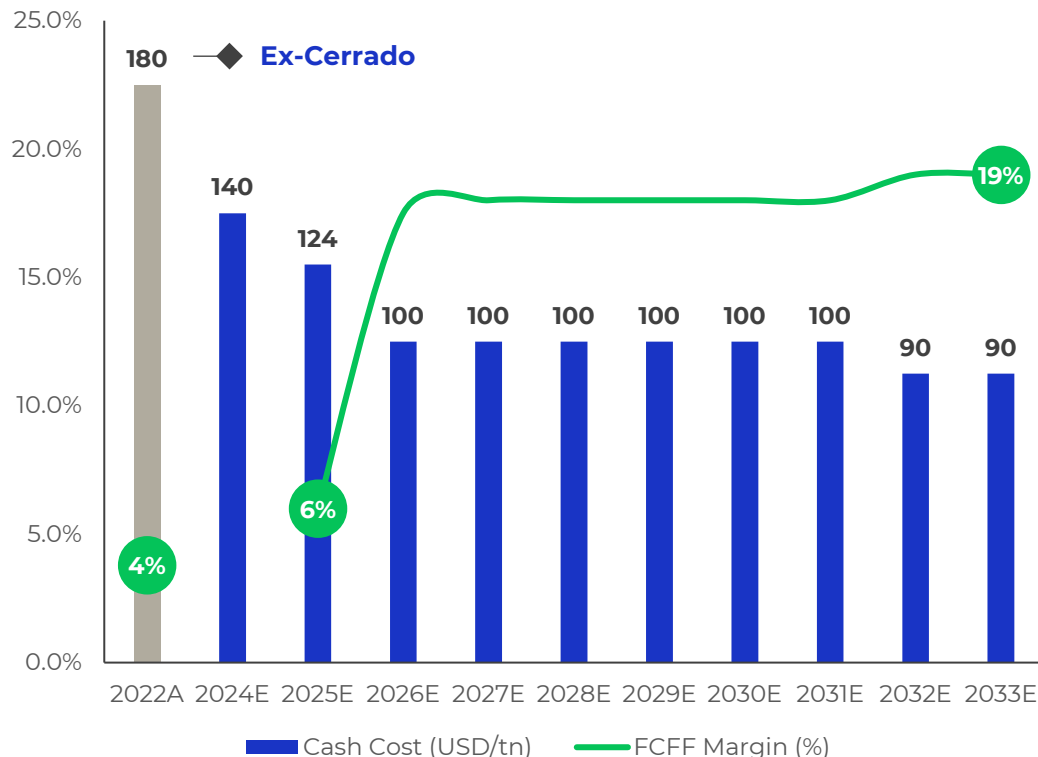
With an excellent track record of profitable investments, Cerrado is no different

Lower costs and higher margins than current mills

Cash Generation with Cerrado



With a **pulp price** of **\$450**, Cerrado still generates cash



Cerrado is much more efficient than current Suzano and proves to be a great project investment

	Current Suzano	Cerrado Project
Cash Cost (BRL/tn)	861	400
Average Radius (km)	156	65
Capacity (mn tn)	10.9	2.55
Energy surplus (MWh/tn)	0.14	0.63

Cerrado will enhance Suzano's productivity!

		USD/BRL				
		4.4	4.7	5.0	5.3	5.6
BHKP (USD/tn)	525	8.5%	9.9%	11.2%	12.4%	13.5%
	550	10.1%	11.5%	12.7%	13.9%	14.9%
	575	11.6%	12.9%	14.4%	15.2%	16.3%
	600	12.9%	14.2%	15.4%	16.5%	17.5%
	625	14.2%	15.4%	16.6%	17.7%	18.7%

WACC = 9.5%

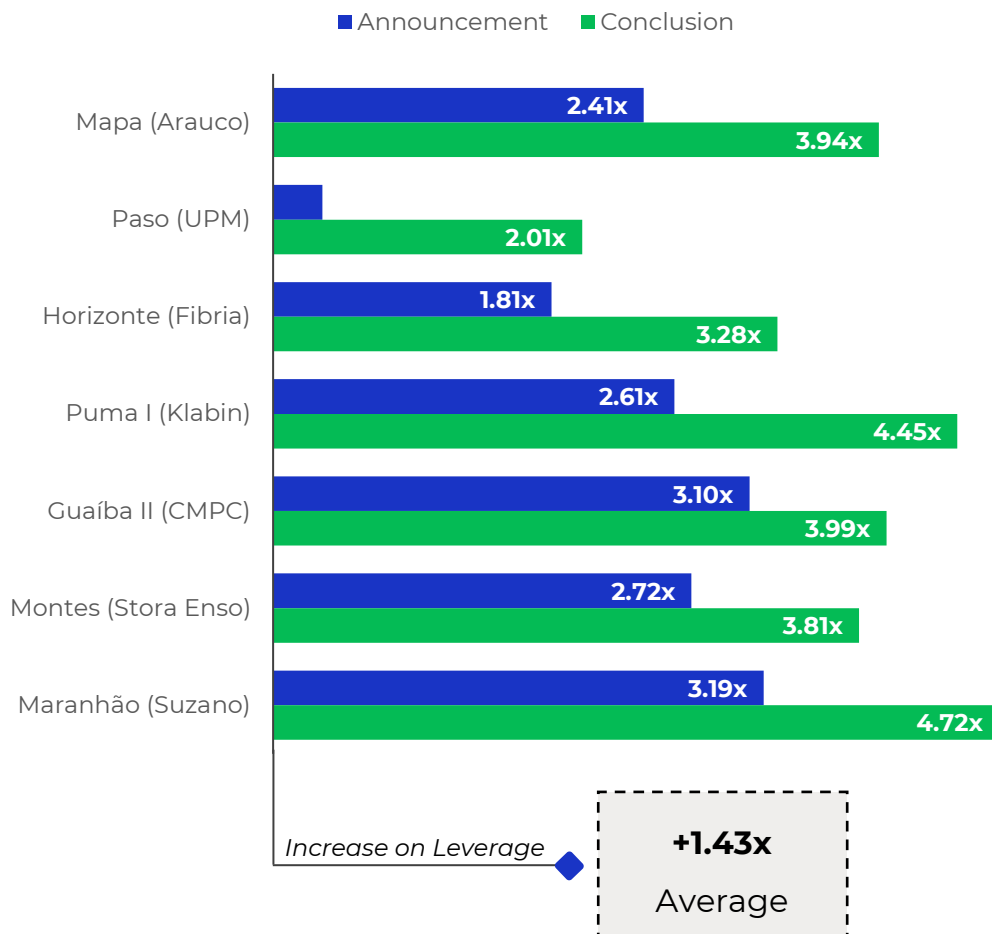
A bad investment only in the worst scenario!

Projects' Leverage Comparison

Different from other projects, Suzano built Cerrado **without a growth on debt**

Historically, projects have resulted in high indebtedness

Net Debt / EBITDA

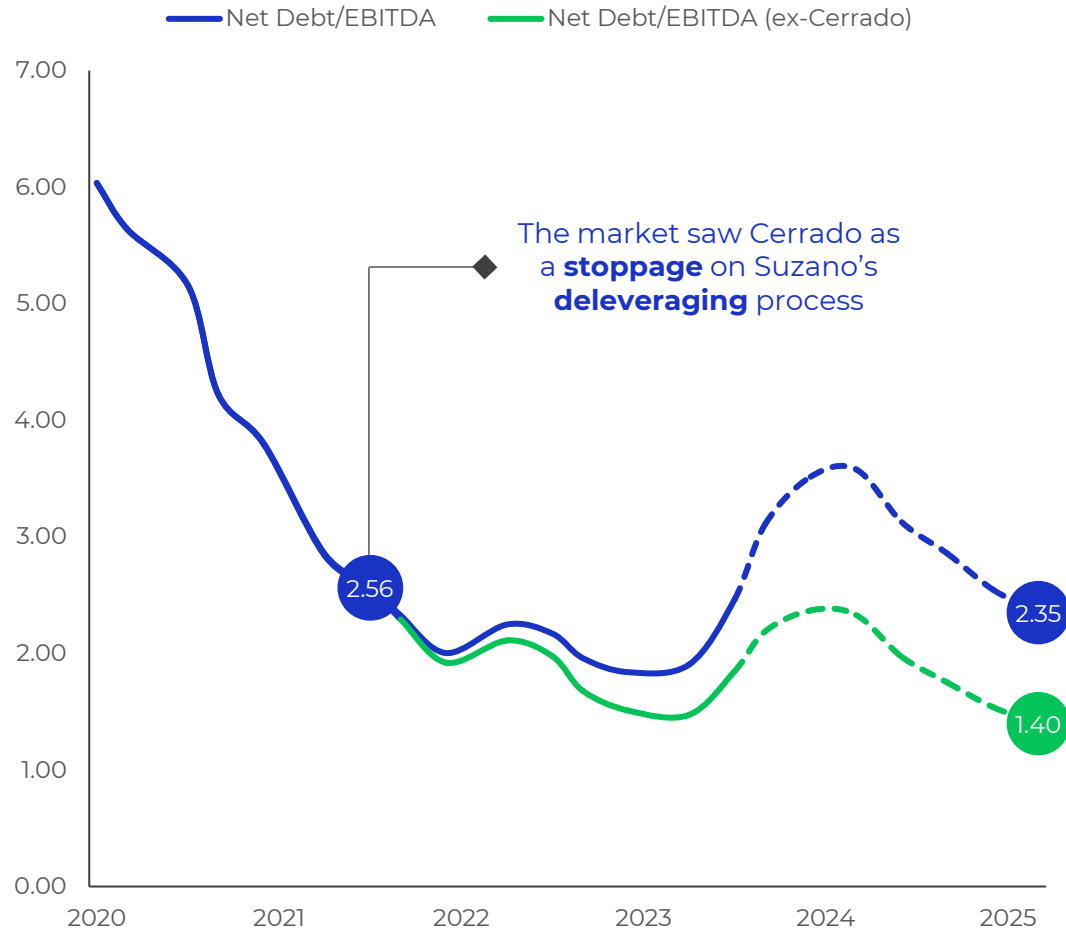


	Mapa (Arauco)	Paso (UPM)	Horizonte (Fibria)	Puma I (Klabin)	Guaíba II (CMPC)	Montes (Stora Enso)	Maranhão (Suzano)
1Q11	1,85	2,55	2,82	2,17	1,72	2,72	3,56
2Q11	1,82	2,65	3,06	2,15	1,86	2,81	3,19
3Q11	2,11	3,24	4,17	2,57	2,55	2,76	4,69
4Q11	4,24	-	4,72	-	2,51	2,83	5,03
1Q12	5,32	3,13	5,37	2,69	2,60	3,22	6,01
2Q12	7,83	3,29	4,93	2,79	2,90	3,51	6,97
3Q12	10,27	3,27	4,58	2,63	2,86	3,81	5,48
4Q12	10,17	-	3,42	2,51	3,30	3,54	5,21
1Q13	8,83	1,92	3,08	2,28	3,35	4,40	5,05
2Q13	7,45	2,07	3,20	2,46	3,22	3,81	5,11
3Q13	5,02	1,94	2,96	2,49	3,29	4,11	5,09
4Q13	5,46	2,74	2,60	2,62	3,10	2,72	5,34
1Q14	4,91	2,86	2,25	1,74	3,21	3,02	5,02
2Q14	4,52	2,99	1,71	2,61	3,24	2,97	4,76
3Q14	4,54	2,88	1,94	3,36	3,36	2,55	4,72
4Q14	4,38	1,92	1,98	3,20	3,67	2,58	4,17
1Q15	4,30	2,04	2,06	4,39	3,74	2,60	4,00
2Q15	4,43	2,12	2,09	4,23	3,99	2,71	3,36
3Q15	4,56	2,00	1,86	5,76	3,76	2,57	3,09
4Q15	4,72	1,85	1,97	5,93	3,35	2,56	2,73
1Q16	4,51	1,61	1,81	5,62	2,93	2,72	2,29
2Q16	5,06	1,55	1,83	5,42	2,91	2,61	2,01
3Q16	5,49	1,18	2,35	5,35	3,07	2,41	2,31
4Q16	5,74	0,89	2,98	5,43	3,57	2,36	2,57
1Q17	5,37	0,73	3,60	5,14	3,90	2,40	2,72
2Q17	4,82	0,92	3,81	5,12	3,87	2,57	2,73
3Q17	3,89	0,60	3,28	4,45	3,38	2,29	2,27
4Q17	3,47	0,31	2,51	4,19	3,06	1,77	2,08
1Q18	3,16	0,14	2,10	3,76	2,58	1,56	1,76
2Q18	2,82	0,34	1,78	3,87	2,29	1,50	1,72
3Q18	2,41	0,11	1,29	3,57	1,87	1,27	1,57
4Q18	2,59	-0,06	1,50	3,00	1,74	1,20	1,54
1Q19	3,06	0,11	-	3,06	1,93	1,77	1,73
2Q19	3,92	0,32	-	3,15	2,27	2,65	6,05
3Q19	5,33	0,13	-	3,35	2,57	2,67	6,19
4Q19	7,65	-0,14	-	3,48	3,27	2,49	5,58
1Q20	11,94	-0,08	-	4,79	4,00	2,90	6,44
2Q20	13,92	0,38	-	4,53	3,72	2,72	5,88
3Q20	10,67	0,25	-	4,82	3,51	2,66	5,24
4Q20	6,81	0,23	-	4,49	2,98	2,92	4,29
1Q21	5,65	0,25	-	4,71	2,71	2,70	4,04
2Q21	4,03	0,71	-	3,73	2,38	2,11	3,10
3Q21	3,41	0,62	-	3,53	2,43	1,59	2,82
4Q21	3,05	0,63	-	3,24	2,29	1,14	2,49
1Q22	2,42	0,85	-	2,60	1,85	1,13	2,14
2Q22	2,74	1,98	-	2,88	2,31	1,03	2,33
3Q22	2,77	2,01	-	2,89	2,16	0,87	2,28
4Q22	3,24	1,22	-	2,84	1,94	0,85	2,11
1Q23	3,94	1,08	-	2,76	1,68	1,54	2,00
2Q23	6,80	1,31	-	2,81	2,29	1,89	2,13

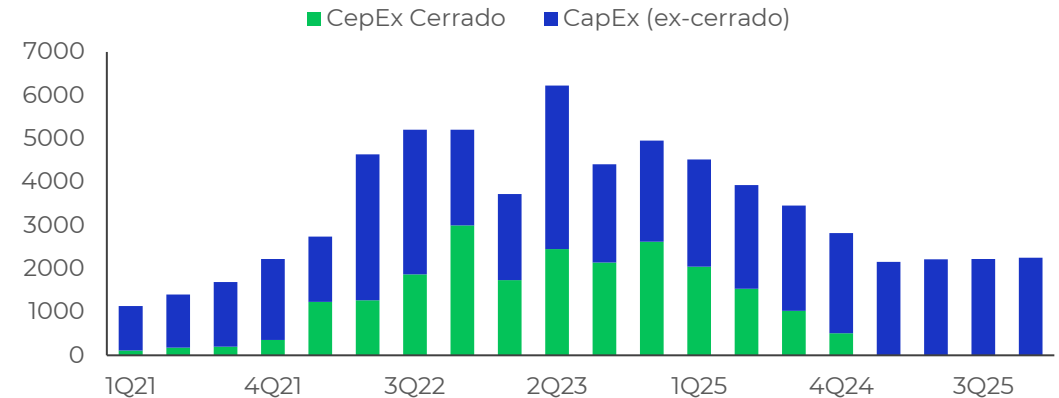
Cerrado: Leverage II

In our view, it is not fair to consider Cerrado's CapEx, considering it doesn't generate EBITDA yet

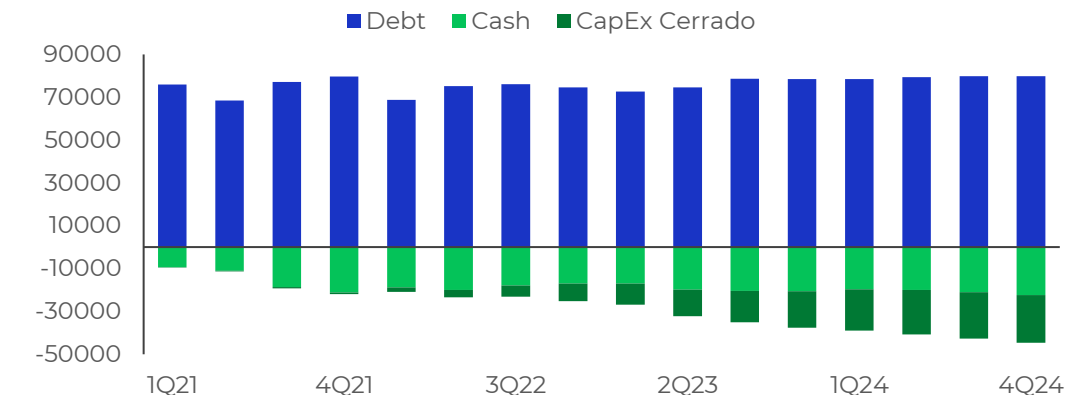
Excluding Cerrado's CapEx, we can see a deleveraging trend
Net Debt / EBITDA



Between 2022 and 2024, Cerrado represented most of the CapEx
CapEx (BRL mn)



Discounting Cerrado CapEx, we reached a fair current Net Debt
Net Debt (BRL mn)

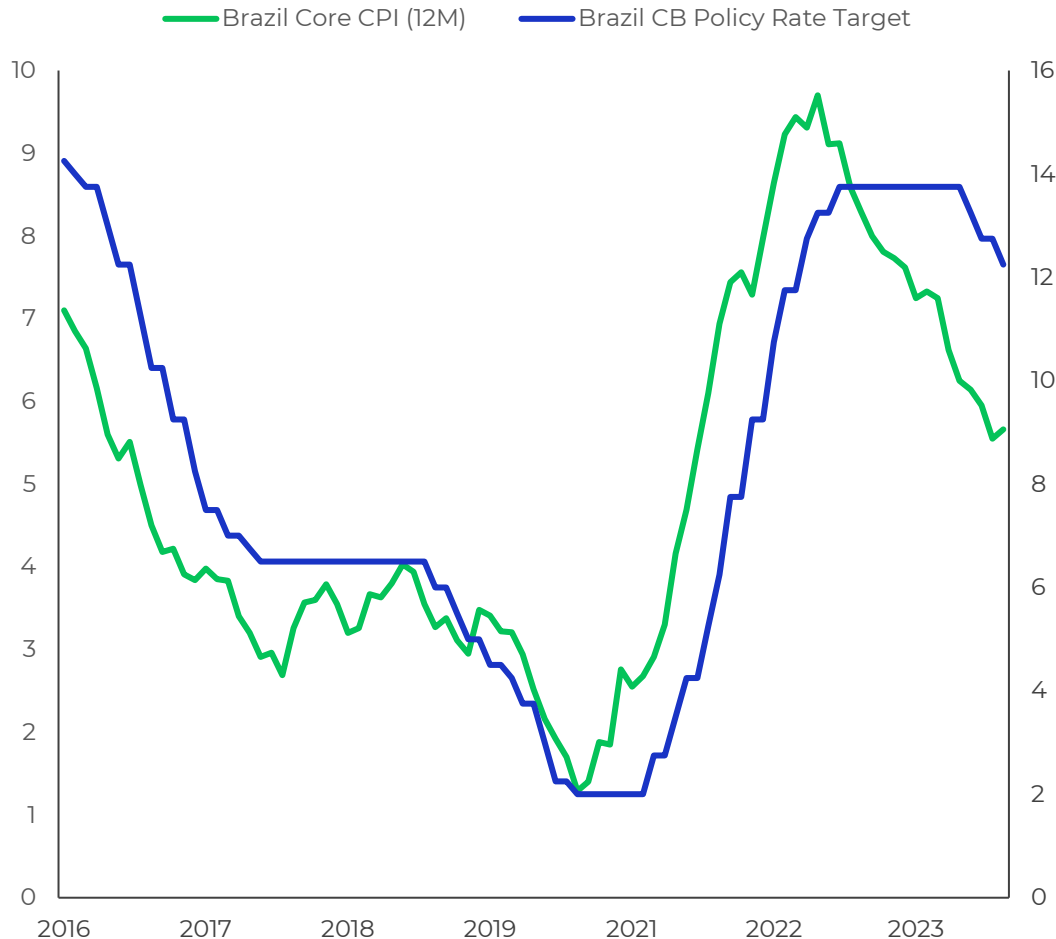


The Top-Down Story

Suzano's investments were not appreciated due to the increased equity duration

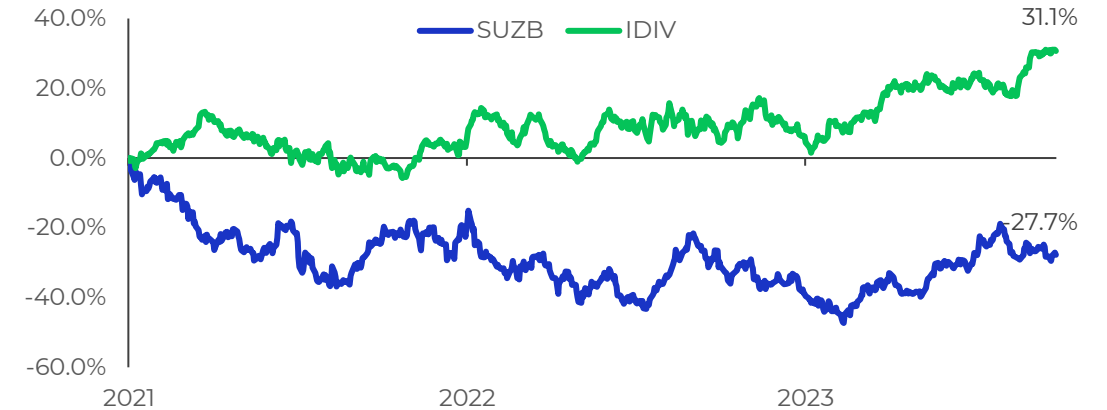
Brazil Central Bank has already begun its cuts

SELIC vs Brazilian Core CPI



This should revert performance against low-duration stocks

Performance since the beginning of monetary tightening



What do we expect for this cycle?

1.

Suzano accretive investment maturation being recognized by the market

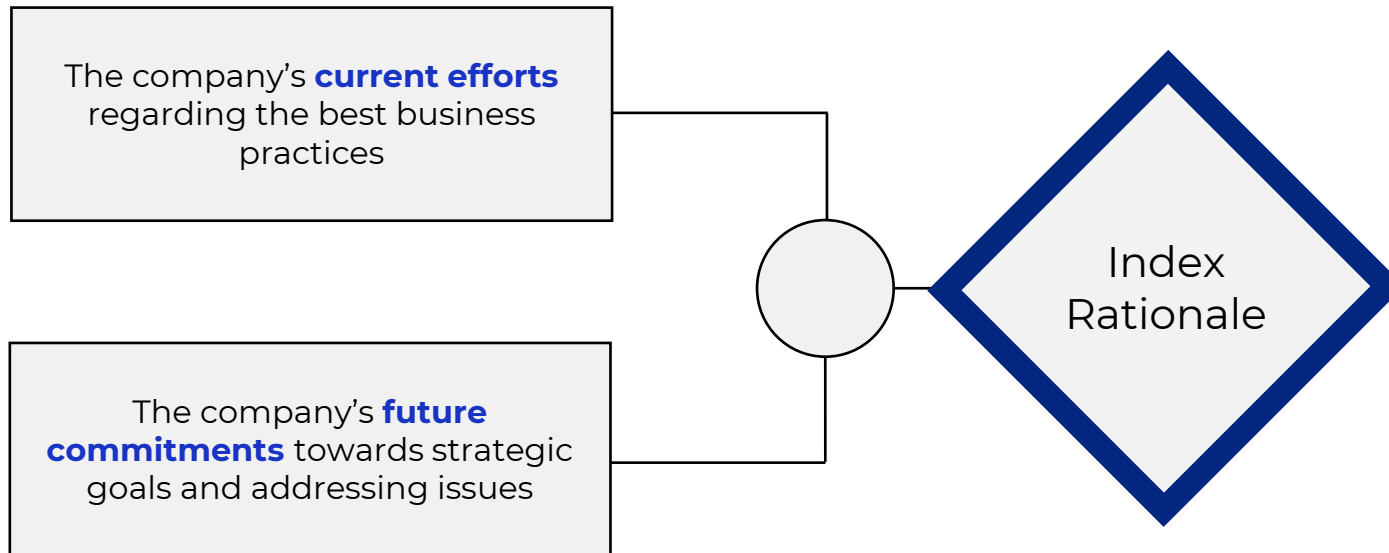
2.

Reduction of carry trade pressuring BZ real against the US Dollar

ESG Index - Rationale

How did we set up our ESG index?

We compare:



6 Different Companies Analyzed



Current Efforts

Environmental

Criteria:

1. Emission Initiatives
2. Initiatives into biodiversity
3. Use of water and energy
4. Monitoring supply chain
5. Commitment to major institutions

Social

Criteria:

1. Employee safety
2. Glassdoor
3. Diversity and inclusion
4. Labor Management
5. Investment on community

Governance

Criteria:

1. Company board
2. Score in websites
3. Long-term sustainability
4. Transparency
5. Shares concentration

**70%
Weight**

Future Commitments

Future Commitments

Criteria:

1. Future Plans
2. Long-term Alignment
3. Clear Paths to ESG Commitments

**30%
Weight**

ESG Index – Risk Measures & Premium

How did we calculate Suzano's ESG discount to its Cost of Equity?

We included a **risk measure**:

Sustainalytics ESG Risk Rating considers how exposed a firm is to ESG-derived risk



0-100

$$WeightedRisk_{ESG} = \frac{1}{\left(\frac{Risk_i}{Risk_{mean}}\right)^{\beta}} ESG_{mean} + ESG_i$$

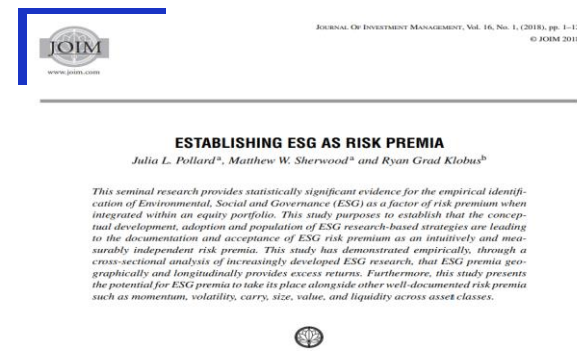
$\beta = 100$ (maximum risk score)/5 (maximum ESG score)

Using their data **regression coefficients**:

1% deviation from the sector mean

=

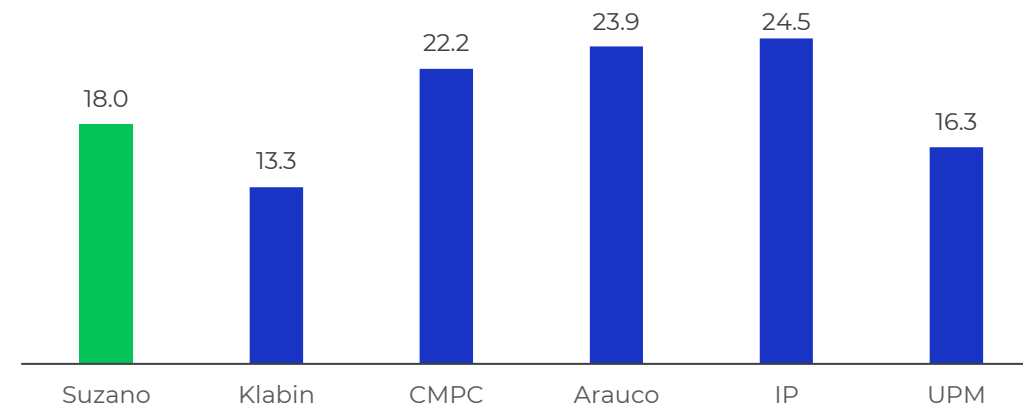
1% premium in the Cost of Capital



“ESG is useful to input this measure of risk into firms’ Cost of Capital”

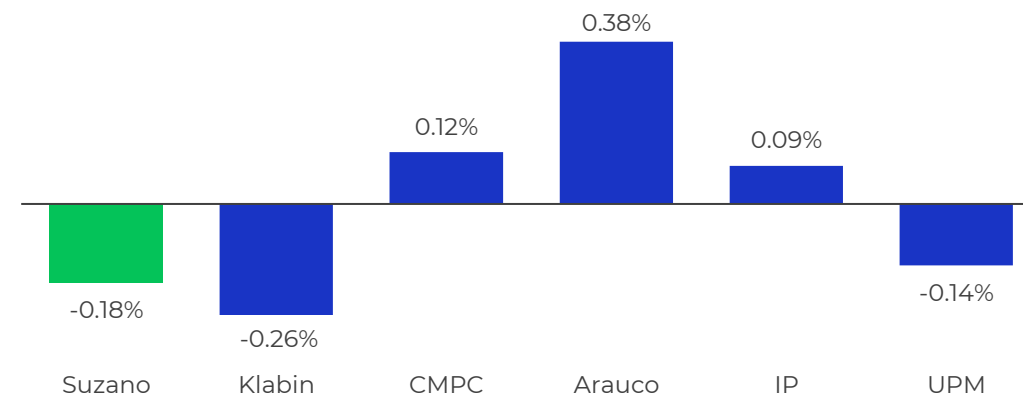
Suzano is one of the companies with lower risk in the sector

Sustainalytics ESG Risk Score



So, we believe Suzano deserves a discount to its Cost of Equity

ESG Risk Premium



ESG Index – Results I

How did we set up our ESG index?

Criteria		Suzano	Klabin	CMPC	Arauco	International Paper	UPM	Grade Criteria	Mean	Median
ESG Score		4,5	4,5	4,3	3,8	4,2	4,4		4,3	4,3
Environmental		4,5	4,7	4,5	4,2	4,3	4,9		4,5	4,5
E1	Does the company have good emission initiatives? Is it transparent and have good disclosure about its practices?	4,5	4,5	4,3	4,2	4,0	4,8	Relevance given to reducing carbon emissions and emissions reduction targets	4,4	4,4
E2	Does the company take initiatives in relation to biodiversity and environmental issues?	3,5	4,5	4,0	4,0	4,0	4,5	Relevance given to biodiversity and environmental issues		
E3	Does the company make good use of and manage water and energy? Does it have reutilization practices?	4,8	5,0	4,5	3,8	4,3	5,0	Efficiency in water and energy use management	4,6	4,7
E4	Does the company carry out complete monitoring of its supply chain? Is there transparency about suppliers' water consumption, energy, emissions and ESG practices?	4,7	4,5	4,8	4,0	4,3	5,0	Suppliers' requirements, in line with sustainable practices	4,6	4,6
E5	Does the company have commitments to major institutions?	5,0	5,0	5,0	5,0	5,0	5,0	Association with ESG-related entities.	5,0	5,0
Social		4,5	4,4	4,0	4,0	4,1	4,1		4,2	4,1
S1	Does the company have good awareness of its employee's safety, wellbeing and health?	4,4	4,8	4,2	4,0	4,6	4,0	Relevance given to workers health and safety in operations	4,3	4,3
S2	What is the employment perception of the Company? (Glassdoor "% of people who'd recommend it")	4,7	4,6	4,3	4,1	3,3	3,9	Glassdoor "% of people who'd recommend it"	4,1	4,2
S3	Is there a high level of diversity and inclusion in the company?	4,5	4,1	3,7	3,7	3,6	3,6	Glassdoor "Diversity and Inclusion" grade	3,9	3,7
S4	Does the company have a good labor management?	4,3	4,2	4,0	4,0	3,8	4,0	Score on proprietary index (Appendix X)	4,1	4,0
S5	Does the company have a clear policy of investments focused on its community?	4,5	4,5	4,0	4,0	5,0	5,0	Community relations and local development	4,5	4,5
Governance		4,5	4,3	4,2	3,4	4,3	4,2		4,1	4,3
G1	How is the company's board made up of women and independents?	4,5	4,0	3,5	2,0	5,0	5,0	Board diversity and independency	4,0	4,3
G2	What is the company score in sites such as Infojobs, Indeed or Glassdoor?	4,5	4,3	4,0	4,1	3,6	3,7	Infojobs BoD approval grade	4,0	4,1
G3	Is the compensation aligned with long-term sustainability?	4,7	4,1	4,6	3,7	4,8	4,0	Compensation aligned with long-term sustainability	4,3	4,4
G4	Does the company have adequate transparency over its policies?	4,5	4,5	5,0	4,0	4,5	4,5	Level of governance and transparency	4,5	4,5
G5	Are shares concentrated in the hands of a few?	4,2	4,6	4,0	3,0	3,5	4,0	Company's Equity Concentration	3,9	4,0

ESG Index – Results II

How did we set up our ESG index?

Future Commitments		4,5	4,5	4,2	4,3	4,4	4,5		4,4	4,5
FC1	Does the company have clear plans for consolidation and growth in the future?	5,0	5,0	4,0	5,0	4,5	5,0	Well-Structured Future Plans	4,8	5,0
FC2	Is the company's management aligned with the company's sustainability and will it be able to guide it in the long term?	4,5	4,5	4,5	4,0	4,8	4,0	Long-Term Aligned Management Guiding the Company's Future	4,4	4,5
FC3	Is there an explicit path to achieving ESG commitments in the coming years?	4,0	4,0	4,0	4,0	4,0	4,5	Clear Paths to ESG Commitments	4,1	4,0
Risk Score	Sustainalytics ESG Risk Score Rating (0-100)	18,0	13,3	22,2	23,9	24,5	16,3		19,7	20,1
Environmental Score		4,5	4,7	4,5	4,2	4,3	4,9		4,5	4,5
Social Score		4,5	4,4	4,0	4,0	4,1	4,1		4,2	4,1
Governance Score		4,5	4,3	4,2	3,4	4,3	4,2		4,1	4,3
Present Efforts Score	Weight of 70%	4,5	4,5	4,3	3,8	4,2	4,4		4,3	4,3
Future Commitments Score	Weight of 30%	4,5	4,5	4,2	4,3	4,4	4,5		4,4	4,5
ESG Score		4,5	4,5	4,2	4,0	4,3	4,4		4,3	4,4
Risk-Adjusted ESG Score		4,7	4,8	4,4	4,2	4,5	4,7		4,5	4,6
Deviation from the Mean		0,2	0,3	-0,1	-0,4	-0,1	0,1		0,0	0,0
ESG Risk Premium		-0,18%	-0,26%	0,12%	0,38%	0,09%	-0,14%		0,0	0,0

Grade	Meaning
0	No information released or available concerning the criteria
1	Management has mentioned the criteria, but no concrete actions can be found
2	Management has mentioned the criteria, but actions on the subject are significantly underdeveloped
3	Present efforts are intermediate, but there is a structured guideline for the future
4	Very well-structured plan for action, but impacts have not reached their full potential
5	Plans are already implemented and showing large impacts

Sustainalytics Grade	Risk Meaning
0-10	Negligible Risk
10-20	Low Risk
20-30	Medium Risk
30-40	High Risk
40+	Severe Risk

Methodology: We have constructed an ESG index based on the company's disclosed key materiality points in accordance with SASB, PRI, and GRI, encompassing 5 topics from each criteria, as well as 3 topics concerning future efforts. Through this approach, we observe Suzano is very well-positioned, particularly in the Social and Governance aspects, aligning with its future commitments. In this analysis, we adjusted our index with the Sustainalytics ESG Rating, considering a company's exposure to ESG-derived risk. We view ESG as a metric indicating potential sustainability risk for the future. Utilizing data from Pollard, Sherwood & Klobus (2018), we applied a discount to Suzano's Cost of Capital, such that a 1% deviation from the sector mean results in a 1% premia in the Cost of Equity. Given Suzano's unique and above-sector positioning, we believe it deserves a discount.

Re-Rating Analysis - MSCI

Why do we believe that Suzano is likely to experience a re-rating soon?

	Industry Average	Suzano's Grade	Why did MSCI maintain this rating?
Water Stress	4.5	4.6	
Carbon Emissions	7.1	7.7	
Biodiversity & Land Use	5.0	0.0	Involved in controversies, no evidence of restoration programs, operations in line with environmental disturbance
Toxic Emissions & Waste	5.3	3.3	Operations in line with high toxic emissions and water intensities, No evidence of new initiatives
Raw Material Sourcing	6.0	6.8	
Labor Management	5.9	6.5	
Corporate Governance	6.1	5.4	Negatively perceived ownership structure and weak executive pay
Corporate Behavior	6.7	4.1	Involved in controversies, no evidence of whistleblower system

Re-Rating Analysis – Why Do We Disagree with MSCI?

Why do we believe that Suzano is likely to experience a re-rating soon?

	Why did MSCI maintain this rating?	Why do we disagree?
Biodiversity & Land Use	Involved in controversies, no evidence of restoration programs, operations in with environmental line disturbance	Continuous improvements in biodiversity and the development of the world's largest project in biodiversity protection , aiming to conserve 4 million hectares over the next 20 years
Toxic Emissions & Waste	Operations in line with high toxic emissions and water intensities, No evidence of new initiatives	Improvement in the disposal of non-hazardous waste and a slight worsening concerning hazardous waste, but we can see Suzano's concerns about resolving this issue. Regarding emissions, Suzano is on the right track.
Corporate Governance	Negatively perceived ownership structure and executive pay	Extremely professional and qualified governance , an extremely renowned family in the market, and compensation aligned with the long term, with variable compensation , averaging 68% variable in the last 3 years
Corporate Behavior	Involved in controversies, no evidence of whistleblower system	Controversies occurred years ago , and Suzano has an outsourced and independent whistleblower system, ensuring the confidentiality of information

Re-Rating Analysis - Composition

What would be the impact of a re-rating on Suzano's stock price?

Positive Re-rating				Negative Re-rating			
Company, Rating, Date (Other Commodities)	One-Year Return After	Company, Rating, Date (Pulp)	One-Year Return After	Company, Rating, Date (Other Commodities)	One-Year Return After	Company, Rating, Date (Pulp)	One-Year Return After
Vale (CCC - B) Nov/22 - Now	1%	Suzano (B --> BB) - Jan/23 - Now	7.25%	Baosteel (BB - B) Mar/21 Sep/21	-4.08%	Klabin (BBB - BB) - Out/21 - Out/22	-10.71%
Gerdau (CCC - B) Oct/20 - Oct/21	33%	Klabin (BB) - Dec 2022 - Now	20.05%	Ultrapar (AA - A) Oct/21 Oct/22	-17.84%	CMPC (BBB - BB) - Dec/20 - Dec/21	-26.27%
Gerdau (B - BB) Oct/21 - Oct/22	4%	CMPC (BB --> BBB) - Dec 2022	13.60%	Natura (AAA - AA) Dec/20 Dec/21	-41.83%	COPEC (A - BBB) Jun/21 - Jun/22	-12.70%
Gerdau (BB - BBB) Jun/23 - Now	2%	IP (BBB - A) Oct 20 - Out 21	39.46%	WEG (BBB - BB) Mar/23 Now	-10.00%	APP (BB - B) Mar/23 Now	25.11%
Nippon Steel (BBB - A) Oct/21 Oct/22	12%	IP (A - AA) Dec 22 - Now	3.60%	Bristol Myers (AA - A) Mar/23 Now	-18.56%		
Hyundai Steel Co (CCC - B) Dec/22 Now	24%	COPEC (BBB - A) Dez/22 - Now	5.80%	Petronet (BBB - BB) Jan/20 Jan/21	-14.13%	Average	-6.14%
JFE Steel (A - AA) Apr/22 Apr/23	3%	Stora Enso (AA - AAA) Sep/21 - Sep/22	3.30%	Petronas (AA - A) May/23	-1.84%	Median	-11.71%
Chevron (BBB - A) Jun/22 - Jun/23	2%	Smurfit Kappa (A-AA) Sep/21 - Sep/22	-35.00%	Offshore Oil (BBB - BB) Jul/21 Jul/22	-10.82%	Standard Deviation	15.6%
TotalEnergies (A - AA) Aug/23 - Now	14%	Westrock (BB - BBB) Mar/21 - Mar/22	10.03%	Tongling Nonferrous Metals (B - CCC) Nov/21 Nov/22	-16.76%		
Conoco (A-AA) May/23 Now	24%	Westrock (BBB - A) Mar/22 - Mar/23	-23.83%	Zhaonjing Mining (B - CCC) Mar/22 Mar/23	8.22%		
Sinopec (B - BB) Nov/21 Nov/22	10%	Oji Holdings (BB - BBB) Sep/20 - Sep/21	24.27%	CGN Power (BB - B) Sep/22 Aug/23	4.83%		
Shell (BBB - A) Sep/18 Sep/19	-1%	Marubeni Corp (BBB - A) Mar/20 - Mar/21	88.28%	China Gas Holdings (BBB - BB) Dec/21 Nov/22	-13.60%		
Shell (A-AA) Sep/21 Sep/22	64%	Marubeni Corp (A - AA) Dec/21 - Dec/22	49.12%	GD Power (B - CCC) Aug/20 Aug/21	11.37%		
BP (BBB - A) Nov/21 Nov/22	33%			Daigas Group (AA - A) Dec/20 Dec/21	-0.95%		
Marathon (BB - BBB) Dec/20 Sep/21	43%	Average	15.8%	Suntory (AA - A) Mar/23 Now	-7.80%		
Marathon (BBB - A) Sep/21 Sep/22	58%	Median	10.0%	Wens (BB - B) Nov/22 Now	-8.97%		
Marathon Oil (BBB - A) Oct/22 Now	13%	Standard Deviation	21.8%	Lotte Chemicals (BBB - BB) Oct/20 Oct/21	-9.84%		
Valero (BBB - A) Oct/21 Oct/22	35%			Sekisul (AAA - AA) Dec/20 Dec/21	-1.28%		
				LG Chem (BBB - BB) Dec/20 Dec/21	-24.64%		
Average	20.73%			EMS Chemie (BB - B) Sep/20 Sep/21	1.97%		
Median	13.69%			COSCO Shipping Energy (B - CCC) Dec/20 Nov/21	-22.54%		
Standard Deviation	16.5%	Weighted Average:	18.68%	COSCO Shipping Energy (BB - B) Sep/23 Now	-3.23%		
				COSCO Shipping Ports (BB - B) Sep/21 Sep/22	-22.40%		
				Shipping Dev (BB - B) Feb/20 Feb/21	6.87%		
				Zhejiang Wheixing (A - BB) Jan/23 Now	-13.54%		
				Zhejiang China Commodities (BB - B) Aug/21 Aug/22	4.97%		
				Jointown Pharma (BB- B) Aug/21 Aug/22	-22.55%		
				Yifeng (BB - B) Jan/23 Now	-16.42%		
				Average	-9.26%		
				Median	-9.92%		
				Standard Deviation	9.5%	Weighted Average:	-9.06%


Source: Team 4, MSCI

Re-Rating Analysis – Impact on Suzano's Price

What would be the impact of a re-rating on Suzano's stock price?

Analyzing Suzano's rating, we see clear ESG blindspots

ESG Rate Team 4 x MSCI

	Team 4	MSCI 
Environmental	4°	6°
Social	1°	1°
Governance	1°	4°
Total Score	2°	4°

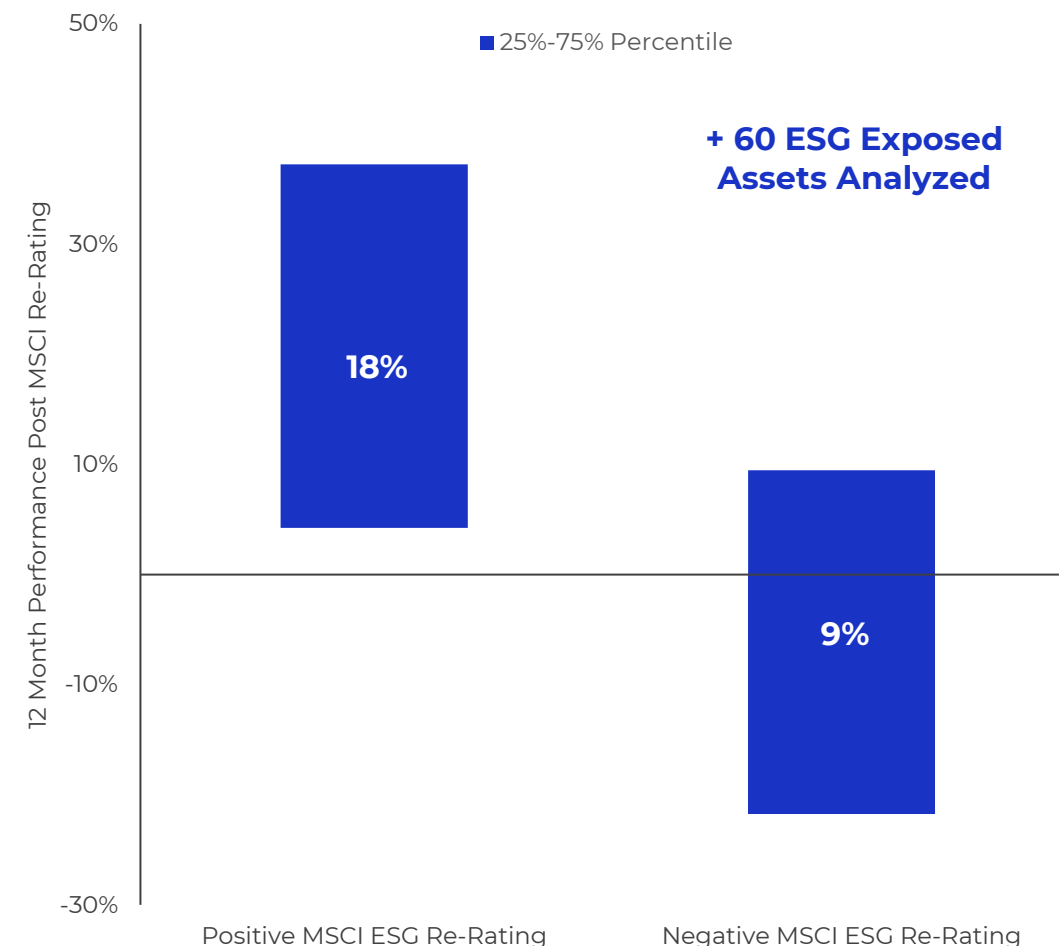
Why does
MSCI
punish
Suzano?

Environmental	Governance
Biodiversity and Land Use	Ownership Structure
Toxic Emissions and Waste	Corporate Behavior

Suzano has already improved in all of those aspects



Suzano could appreciate through a possible MSCI re-rating

Stocks' one-year return after undergoing a MSCI re-rating



Companies' Ratings

We believe Suzano's ratings are underrecognized, especially the ESG ones

	Suzano	Klabin	UPM	Stora Enso	Arauco	CMPC
ESG ratings						
MSCI 	BB	BBB	AAA	AAA	BBB	BBB
S&P Global Ratings	79	86	77	54	-	-
SUSTAINALYTICS 	18.2	13.3	16.2	14.4	31.4	22.1
CDP 	A-	A	AAA	A-	B	A
Credit ratings						
S&P Global Ratings	BBB-	BB+	BBB+	BBB-	BBB-	BBB
MOODY'S	Baa3	Ba1	Baa1	Baa3	Baa3	Baa3
FitchRatings	BBB-	BB+	BBB	BBB-	BBB	BBB

Suzano's ESG Value

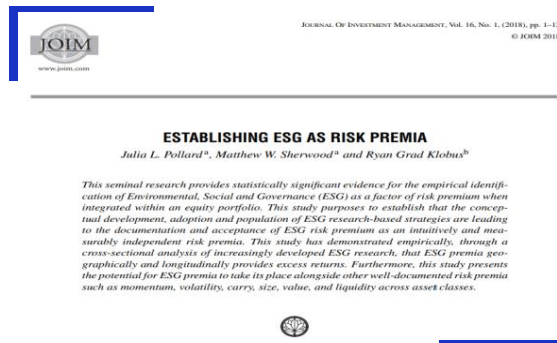
Suzano transforms its ESG efforts into material benefits

Analyzing Suzano's ESG score and using the paper's regression method:

1% deviation from the sector mean

=

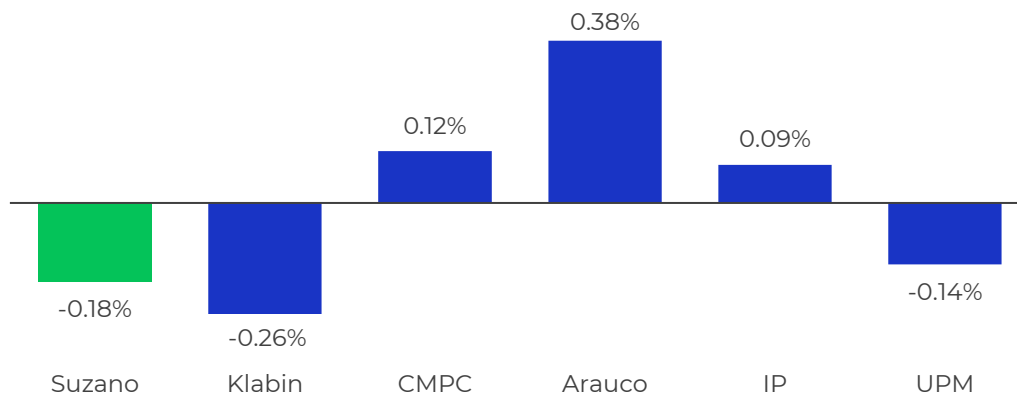
1% premium in the Cost of Capital



"ESG is useful to input this measure of risk into firms' Cost of Capital"

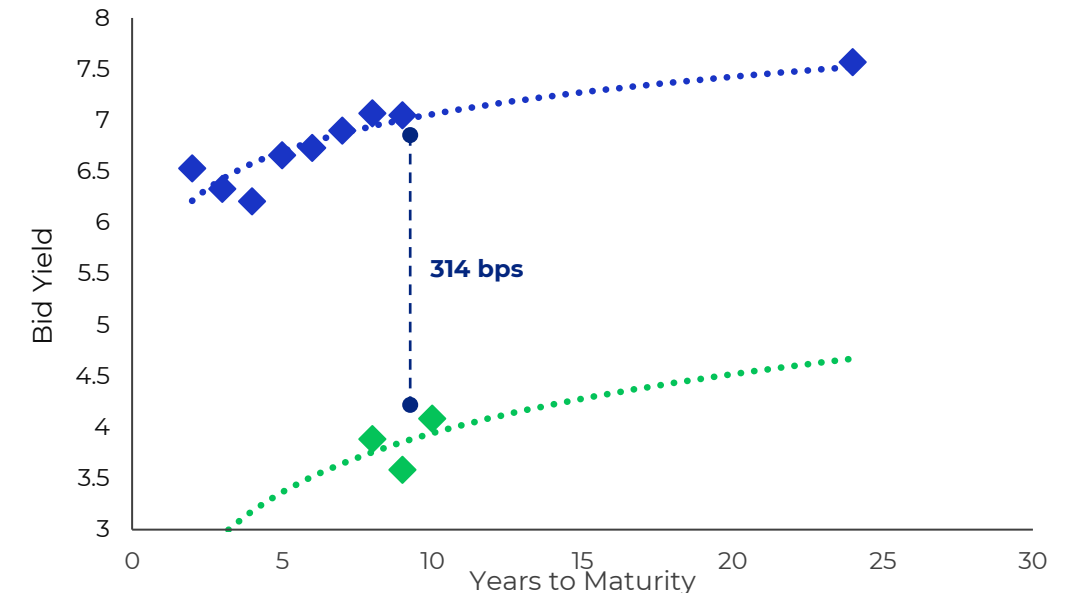
We believe Suzano deserves a discount to its Cost of Equity

ESG Risk Premium



Suzano raises money at very low rates with ESG-related bonds

Traditional Bonds vs ESG-related yield comparison



WACC 9.8% - 9.5%

Cost of Equity + Debt benefits

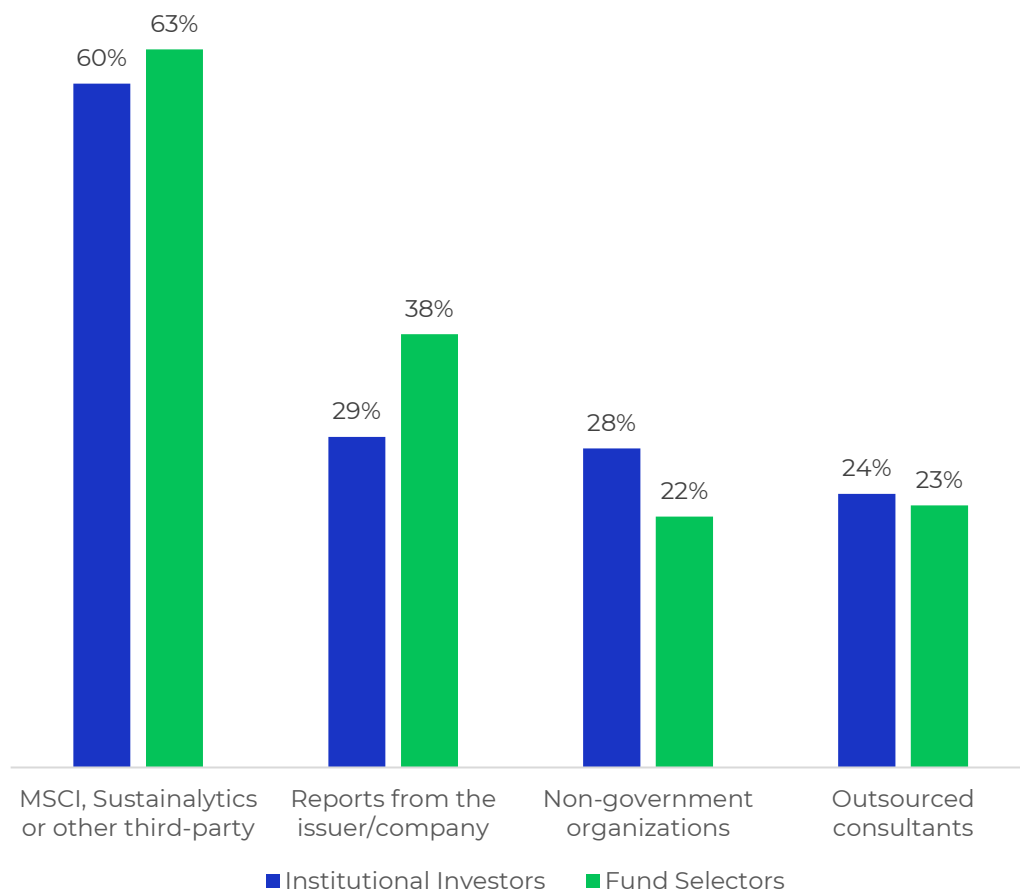
BRL 6 bn

Growing ESG Investments

Investors are more attracted to ESG investments, a move that favors Suzano

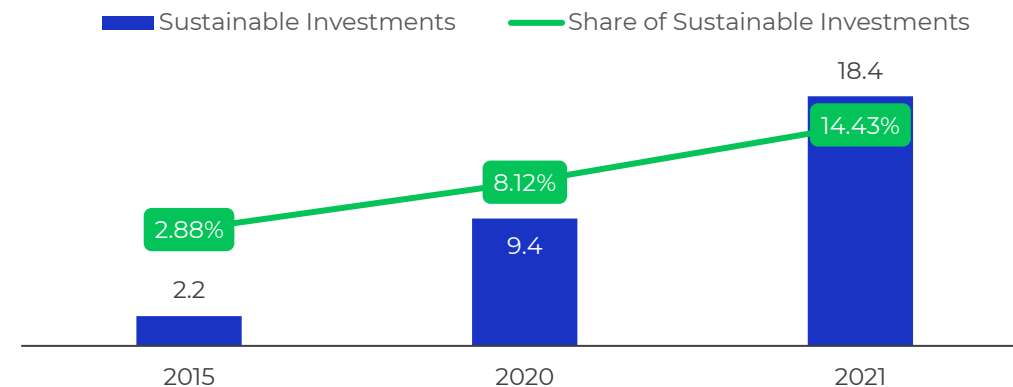
Rating agencies, such as MSCI are top-pick when analyzing ESG

Investors' Most Used Tools to Measure ESG



The number of ESG investors keeps increasing year after year

Global Sustainable Investments (AuM USD bn)



UAE to launch \$30bn investment fund at COP28



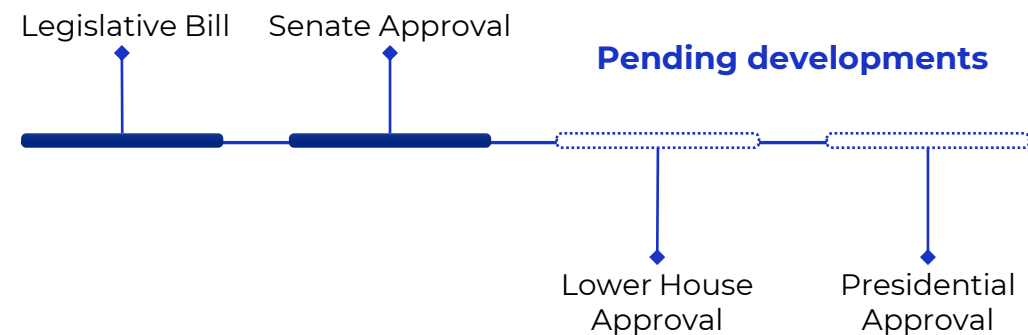
The United Arab Emirates is preparing to launch a \$30bn climate-related investment fund with BlackRock, TPG, and Brookfield, according to people familiar with the matter

Nov. 30th, 2023

Carbon Market Perspective

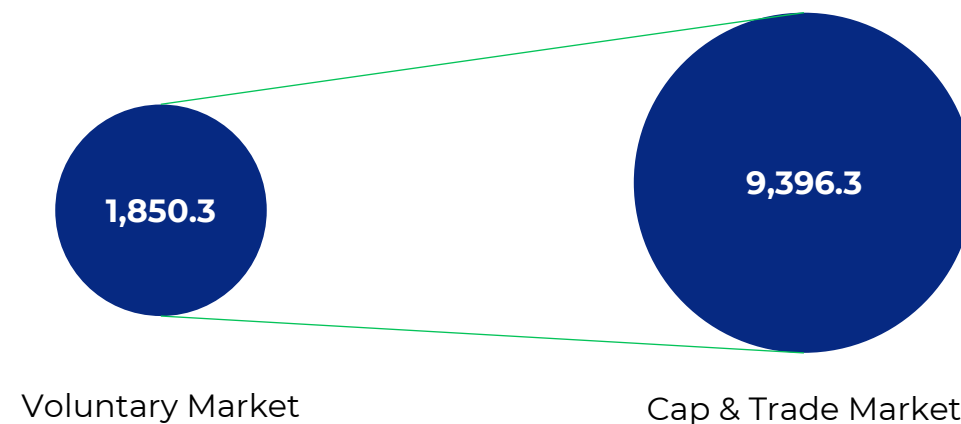
How is Suzano's 10-billion-dollar market?

Carbon Market Regulation



Suzano has a huge opportunity with the regulation of this market

Value Generated by Suzano if it Traded tCO₂e Until 2025 (in BRL)



Period	Emissions/Sequestration (mn ton)	Mean Price tCO ₂ e - regulated market (BRL)	Value in the regulated market (BRL mn)	Mean Price tCO ₂ e - voluntary market (BRL)	Value in the voluntary market (BRL mn)	Total Difference (mn BRL)
2020	-15.20	148.90	2,263.41	27.84	423.18	1,840.22
2021	-8.89	339.01	3,015.93	31.29	278.45	2,737.49
2022	2.08	447.08	-932.06	29.93	-62.41	-869.65
2023E-2025E	-18.00	280.50	5,049.00	30.27	1,211.04	3,837.96

FSC Recognition

Suzano is aligned with FSC policies and other environmental monitoring bodies in its activities

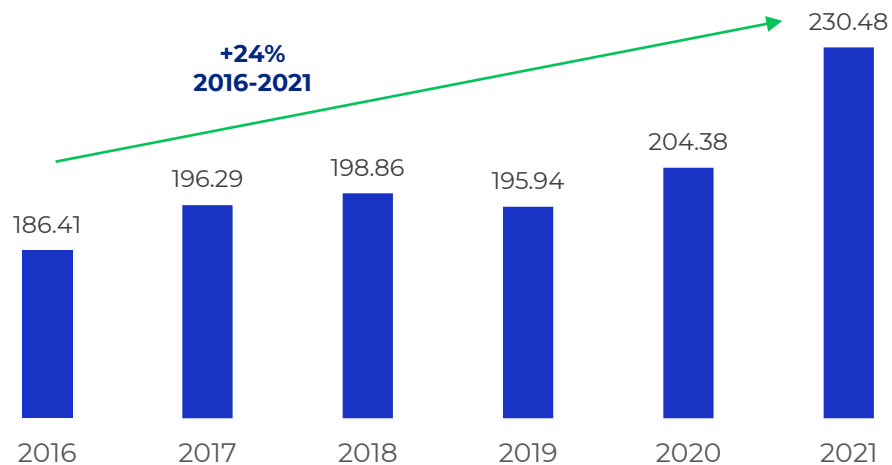
What is FSC?

Forest Stewardship Council (FSC)



The **Forest Stewardship Council** (FSC) is an international, non-governmental organization dedicated to promoting responsible management of the world's forests. Since its foundation in 1994, FSC has grown to become the world's most respected and widespread forest certification system.

Area of FSC certified forestry worldwide (mn ha)



Why is it relevant for Suzano?

FSC Certifications are Recognized and Required Worldwide

Responsible wood sourcing and transparency

International sustainability demands

Suzano's export-oriented nature

Compliance with FSC standards

- ◆ Despite Suzano's R&D efforts in **GMOs**, they still can't be employed due to the absence of FSC certifications for use in the P&P sector, showing that adherence to key **international policies** remains indispensable.

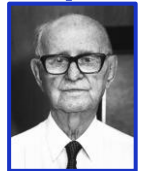
Management Composition

Management with experience and alignment with the company



Feffer Family: the best pilots to drive a Ferrari such as Suzano

We believe that the Feffer Family is the perfect example of a aligned and dedicated management



Leon Feffer

- Ukranian immigrant
- Founder of Suzano
- CEO from 1924 to 1970



Max Feffer

- Suzano's expansion
- Started exporting
- CEO from 1970 to 2001



David Feffer

- Suzano's consolidation
- Chairman of the BoD
- CEO from 2001 to 2003

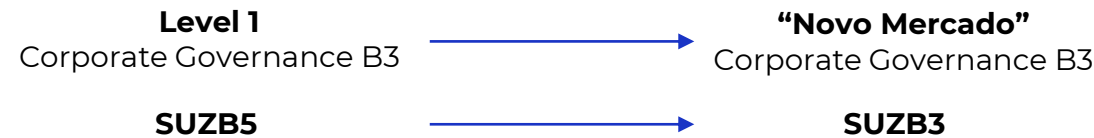


Walter Schalka

- Named the best CEO by RISI six times
- Precursor of the merger with Fibria
- CEO since 2013

1.

Suzano migrating to B3's "Novo Mercado" in 2017



Main takeaways

- ✓ No control premium
- ✓ No dilution of minority shareholders
- ✓ Well regarded by investors
- ✓ Governance Transparency

2.

Handover the CEO position to a member outside the family, showing professionalism

After stepping down as CEO, David Feffer commented:

InfoMoney

"I had to recognize that there are people much better than me to be a CEO", he says. "When I took over leadership, I had to set an example and stop being CEO"

May 16th, 2020

Main takeaways

- ✓ Not a selfish family
- ✓ All intererests aligned
- ✓ Showcasting profissionalism
- ✓ Qualified management

Suzano's Solid Governance

The company's entrepreneurial DNA has been a protagonist throughout its secular journey

The leadership team in Suzano demonstrates excellence
It Successfully Walked the Company Through Many Bold Initiatives



Walter Schalka

CEO

Professional Management

- Suzano's executives have extensive **previous experiences** in both P&P and other segments, potencializing synergies
- Their planning proficiency guided Suzano in non-trivial investment moments, such as with Bahia Sul, Imperatriz & the Fibria merger



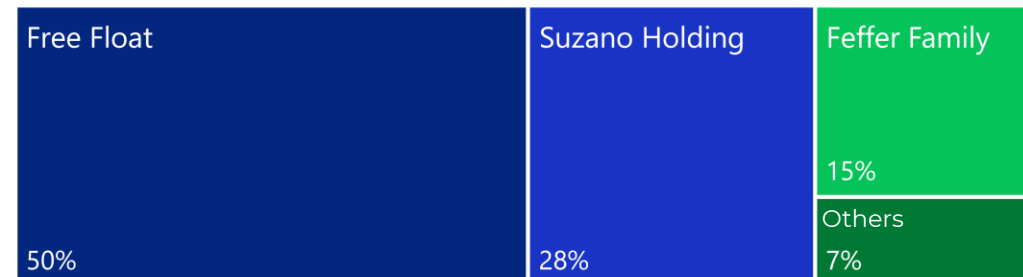
David Feffer

Chairman

Pivotal Founding Family

- The Feffer family has conducted Suzano's pioneerism since the beginning, viewing timeframes in **generational terms** rather than quarters
- A clear example was when, in the name of professionalization, David Feffer stepped down from the position of CEO

The company possesses a robust Governance structure
High Governance Standards & an Outstanding Ownership Structure



1.

Suzano is listed in B3's **Novo Mercado** and Level II on NYSE, ensuring minority stakeholders's rights and establishes guidelines for transparency & ethics.

2.

The **Feffer family** has a 44.5% stake in the company, which we perceive as an alignment in long-term decision-making.

3.

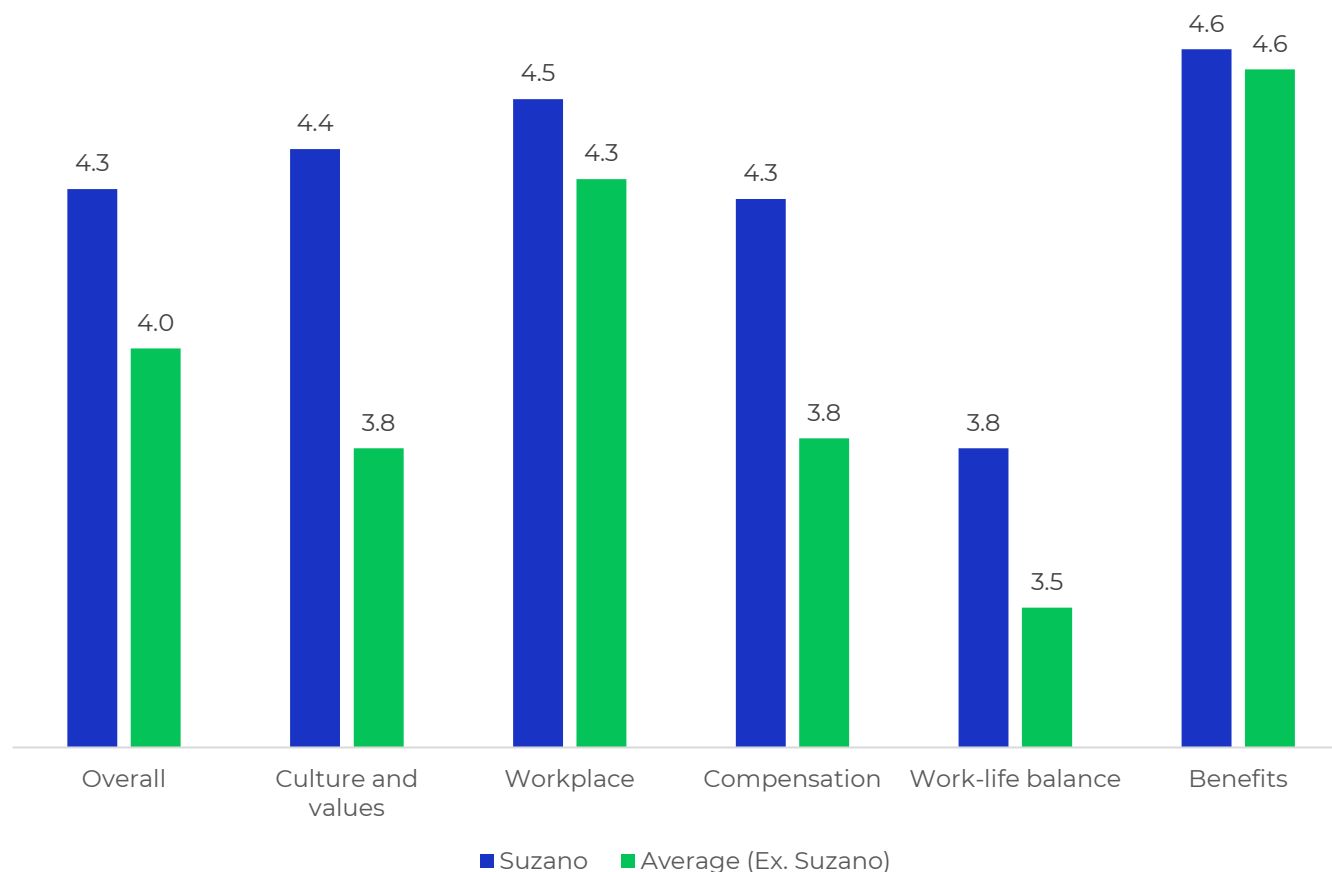
Suzano's unique BoD & competent management team ensure **commitment in the long run**, as it did throughout all the company's history.

Labor Management Analysis

How did we conduct our labor management analysis?

Suzano ranks best among peers in terms of labor management

Compiled Grades from Glassdoor, Infojobs and Indeed



Competitive Analysis Regarding Labor Management:

Upon reading **"New Frontiers of Risk and Return"**, we have found that employee satisfaction serves as a central point for increased productivity and an enhanced internal environment within a company. As a result, we conducted a competitive analysis among our peers, focusing on culture and values, work environment, compensation, benefits and salary, and work-life balance. Based on our analysis, we see that Suzano is significantly better positioned than our peers, surpassing the average across all indicators. This clearly demonstrates superior management of employees in comparison to our peers.

6 Different Companies Analyzed

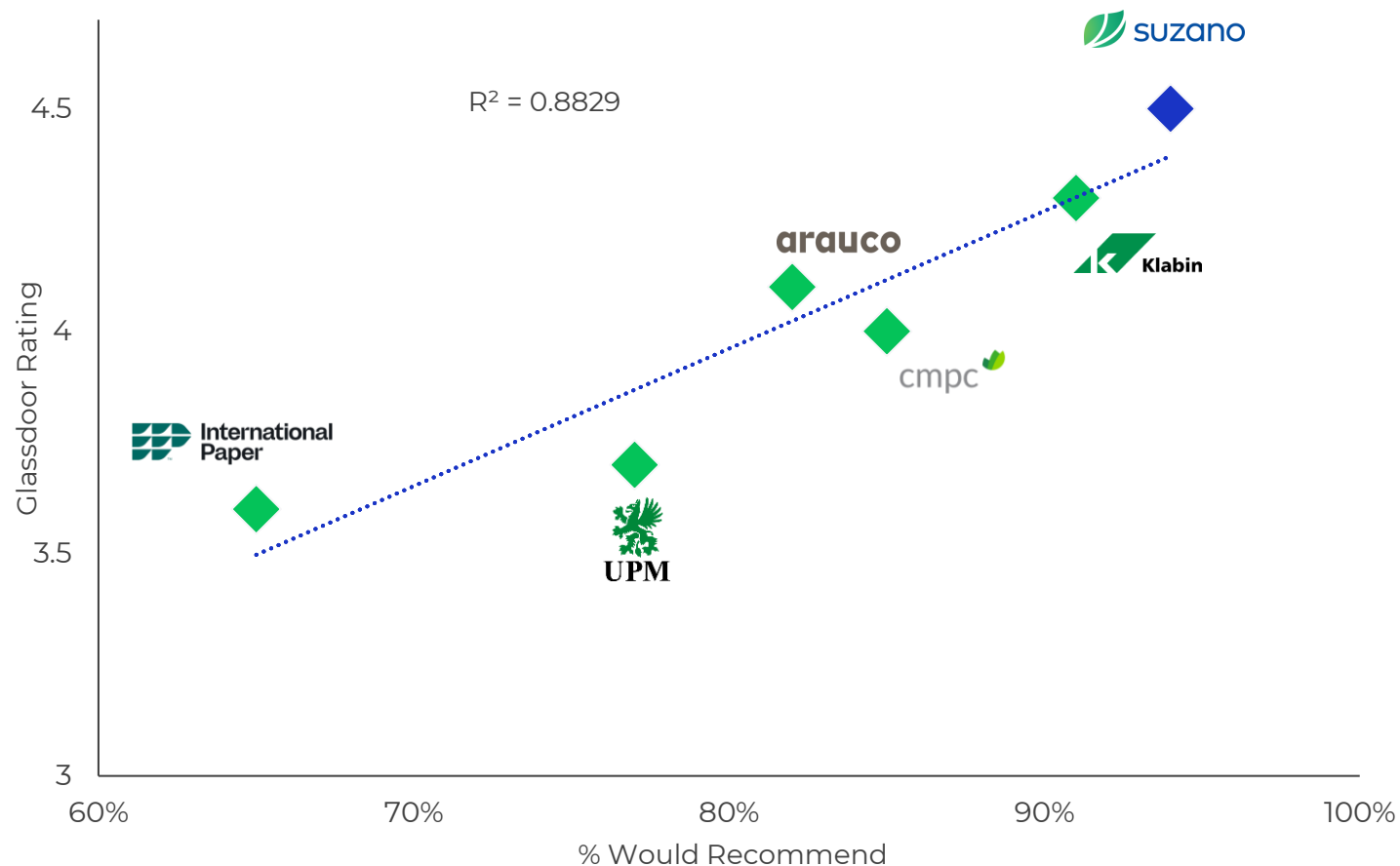


Glassdoor Assessment

We believe this is a good metric to evaluate how companies treat its employees

We see Suzano as the best company in the P&P sector in terms of employee satisfaction

Glassdoor Assessment (1 to 5) X Would Recommend (%)



Suzano: employee satisfaction champion

1.

Suzano fosters growth by implementing vital initiatives to ensure employee satisfaction

2.

Technical development amassing 755,000+ training hours

3.

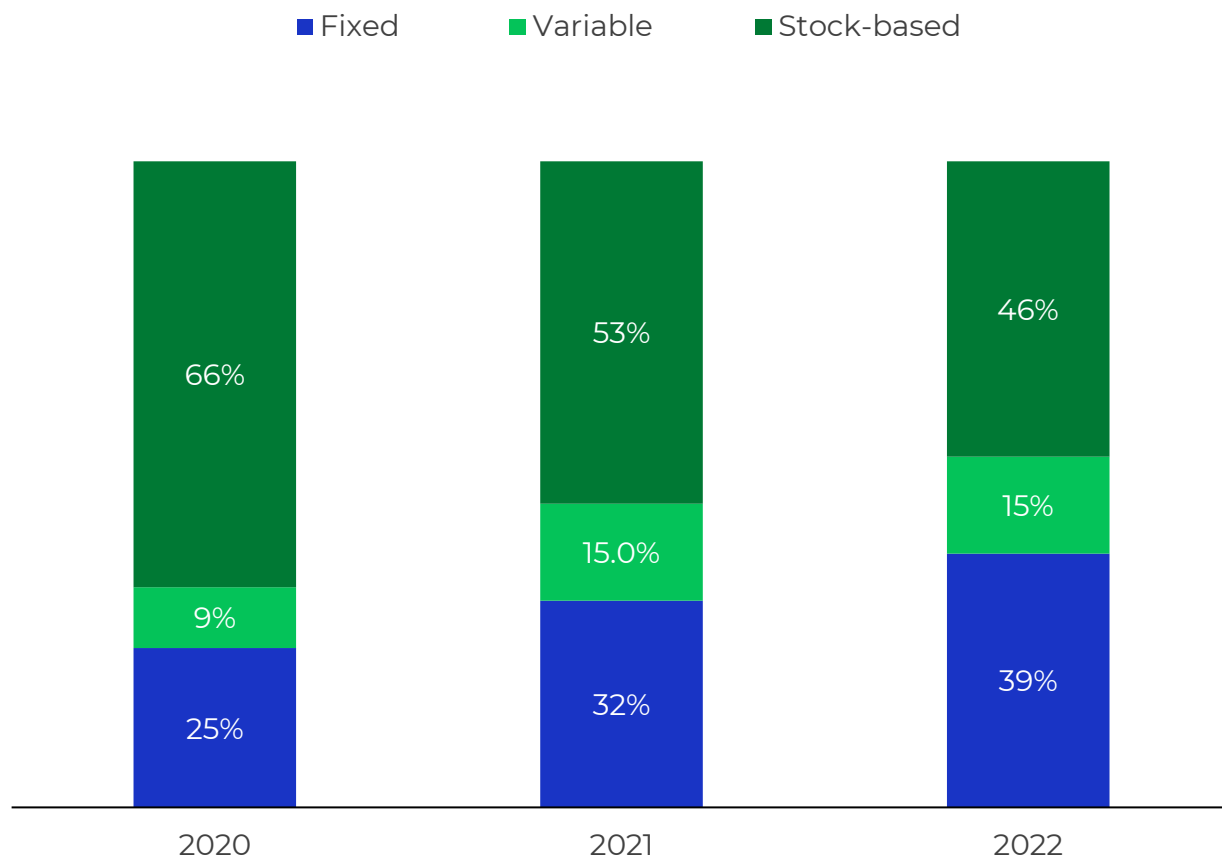
Higher Glassdoor rating along side with the higher % of "Would Recommend"

Executive Compensation Policy

It is an important measure to evaluate how the company is paying its employees

Suzano's fixed compensation had increased from 2020 to 2022, as we view this as a positive move for the company

Suzano's compensation policy



Our take on Suzano's compensation policy

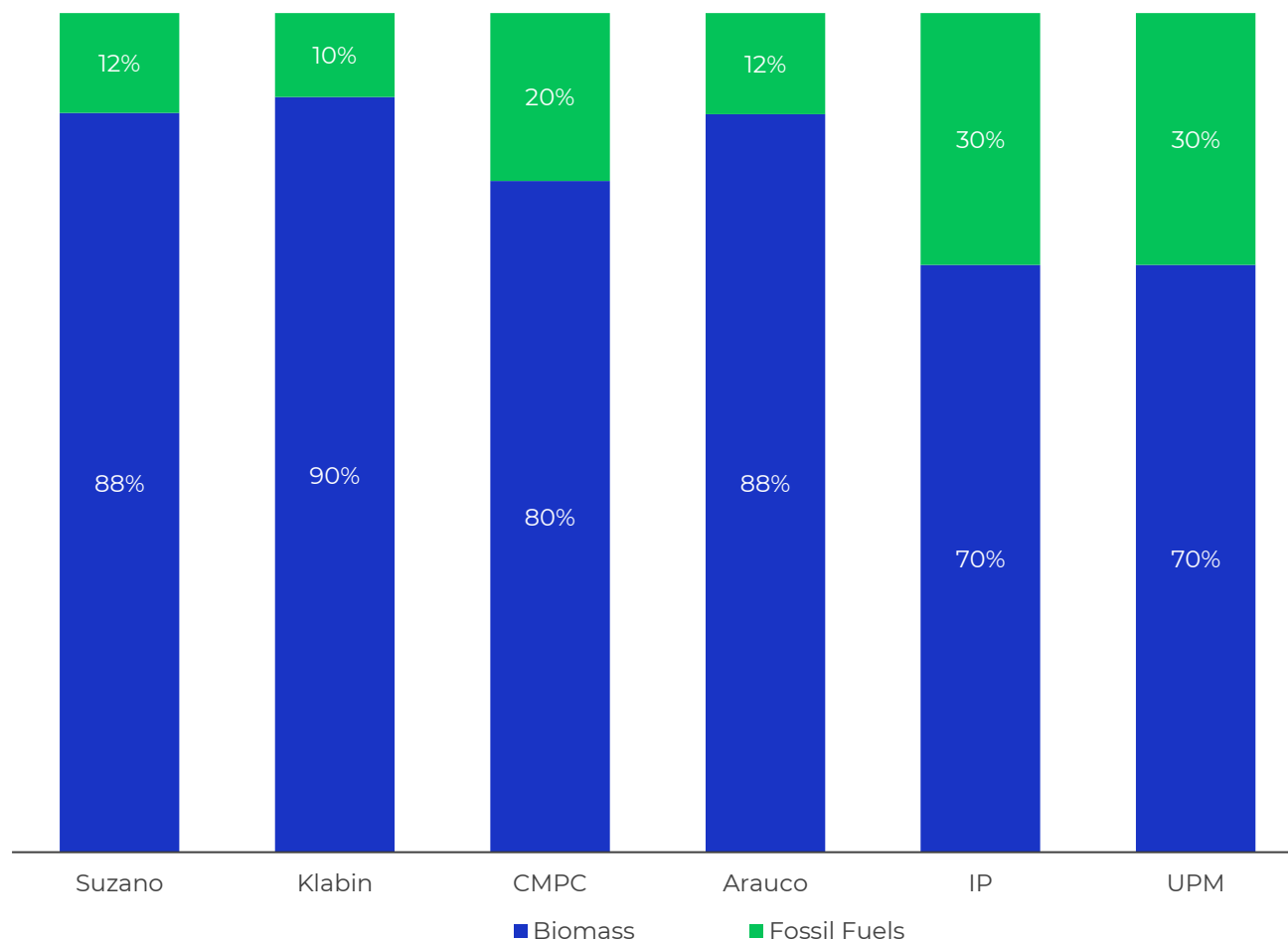
1. Wages are tied to short and long-term goals
2. 10% of executive compensation is linked to ESG objectives
3. Suzano also boasts an exceptional team, a result of the decision to professionalize the workforce

Energy Sources Analysis

Suzano shows the importance of a clean energy business

Suzano runs most of its business on clean energy

Energy Sources Comparison



Clean Energy Path:

Suzano relies on over 88% renewable energy sources, being self-sufficient in energy across all their facilities, above most competitors.

The company also generates a surplus of 90 MWm of renewable energy, sufficient to power a city of 1.4 mn inhabitants for a month.

With new technologies introduced due to the Cerrado project, another 180 MWm will be added.

Utilizing clean energy is essential for reducing greenhouse gas emissions, aligning with global goals outlined by the UN.

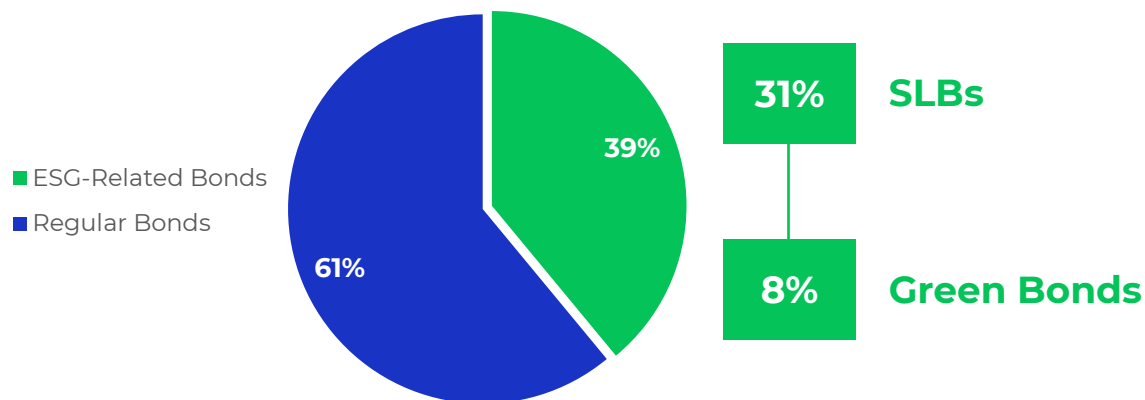
In an increasingly sustainability-conscious world, companies investing in clean energy not only contribute to a healthier planet but also position themselves as leaders in building a greener and more resilient global economy.

ESG-Related Bonds: Suzano's Money-Raising Machine

Suzano raises money at competitive rates through Green and Sustainability Linked Bonds

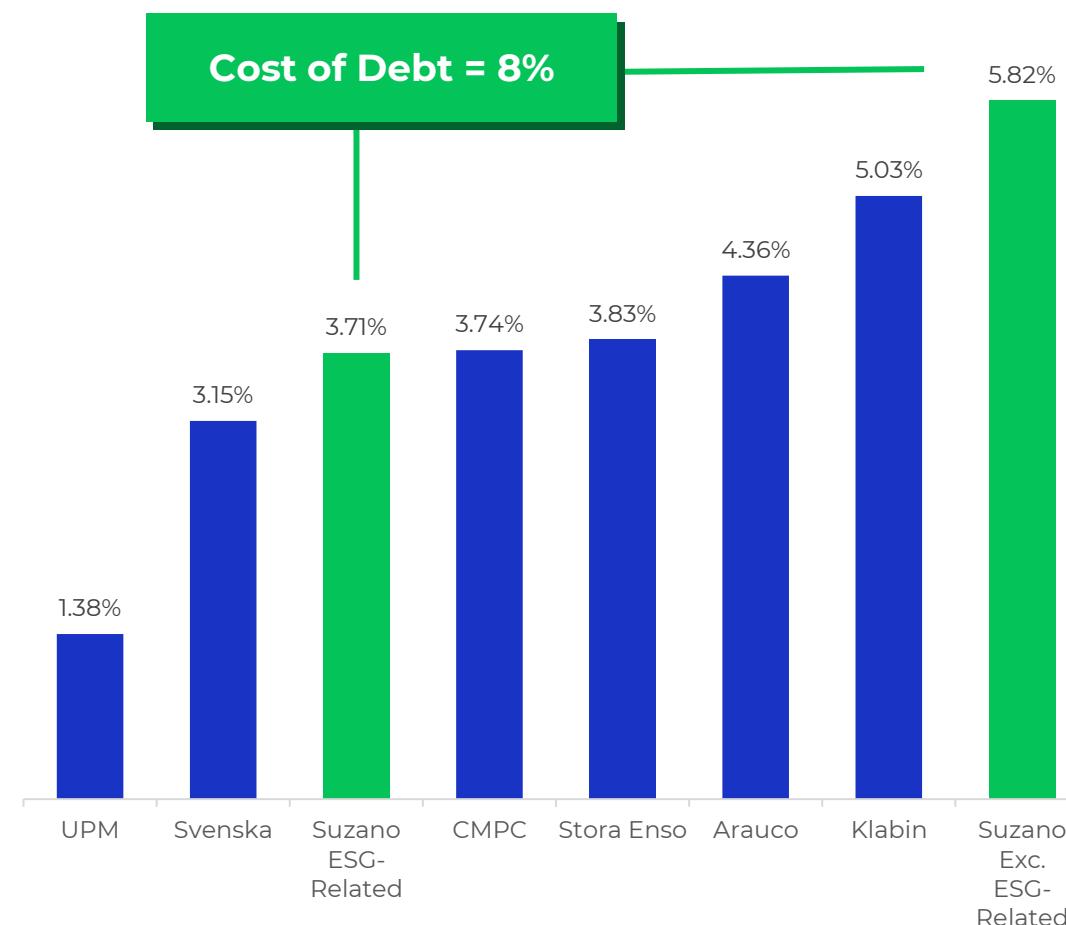
Excellent debt structure, enabling superior competitiveness

Suzano's bonds structure



Suzano has a great potential to reduce its Kd by ESG-related bonds

ESG-Related Bonds Coupon Comparison



1. Suzano's Sustainability Linked and Green Bonds greatly reduce its cost of debt

2. The company's Sustainability Linked Bonds are linked to water use reduction, diversity, and inclusion objectives

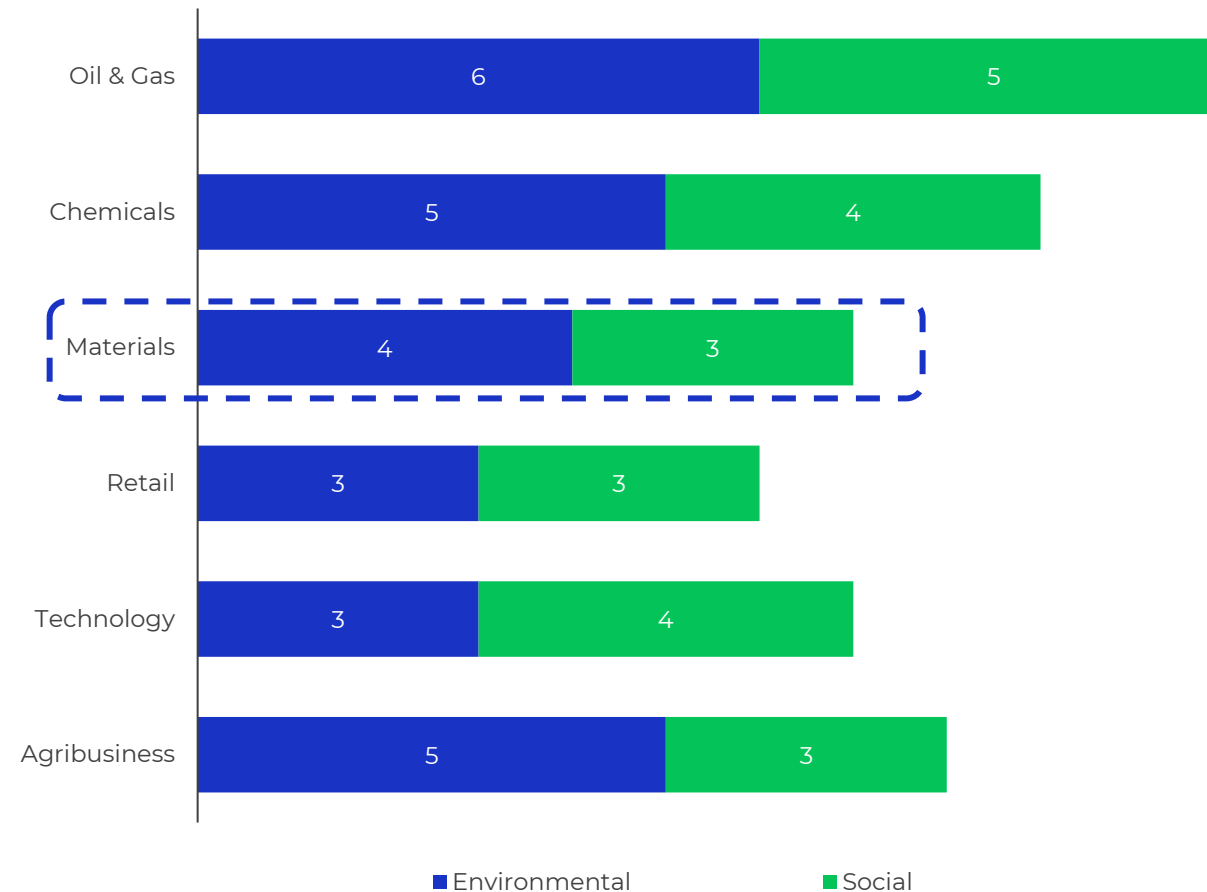
3. Suzano has already raised more than BRL 10 bn through ESG-related bonds

Sector Risk Analysis

Suzano is in a sector with high ESG exposure, with potential risks

Despite being in a highly exposed sector, Suzano has managed to mitigate the main risks

S&P Risk Atlas (Grades from 1 to 6)



Our take on Suzano's position

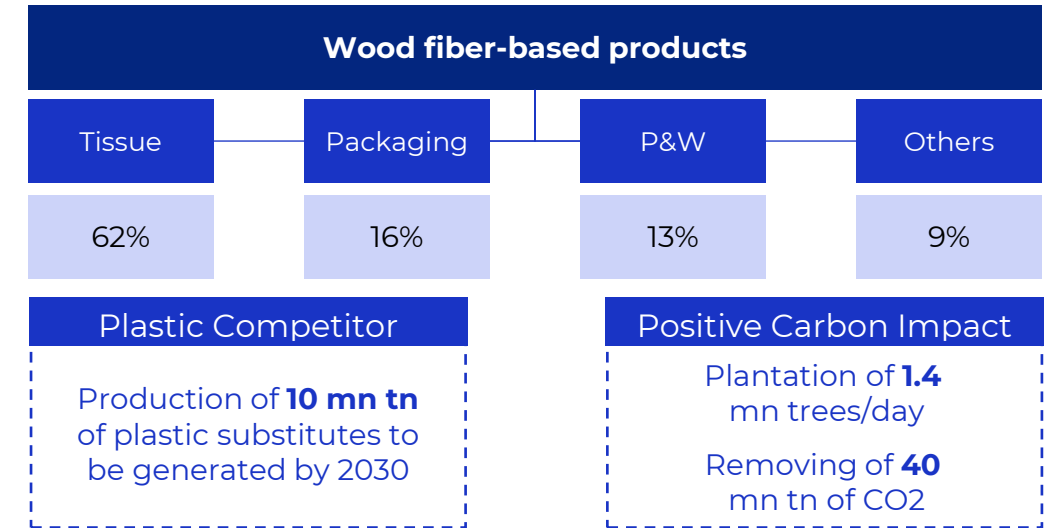
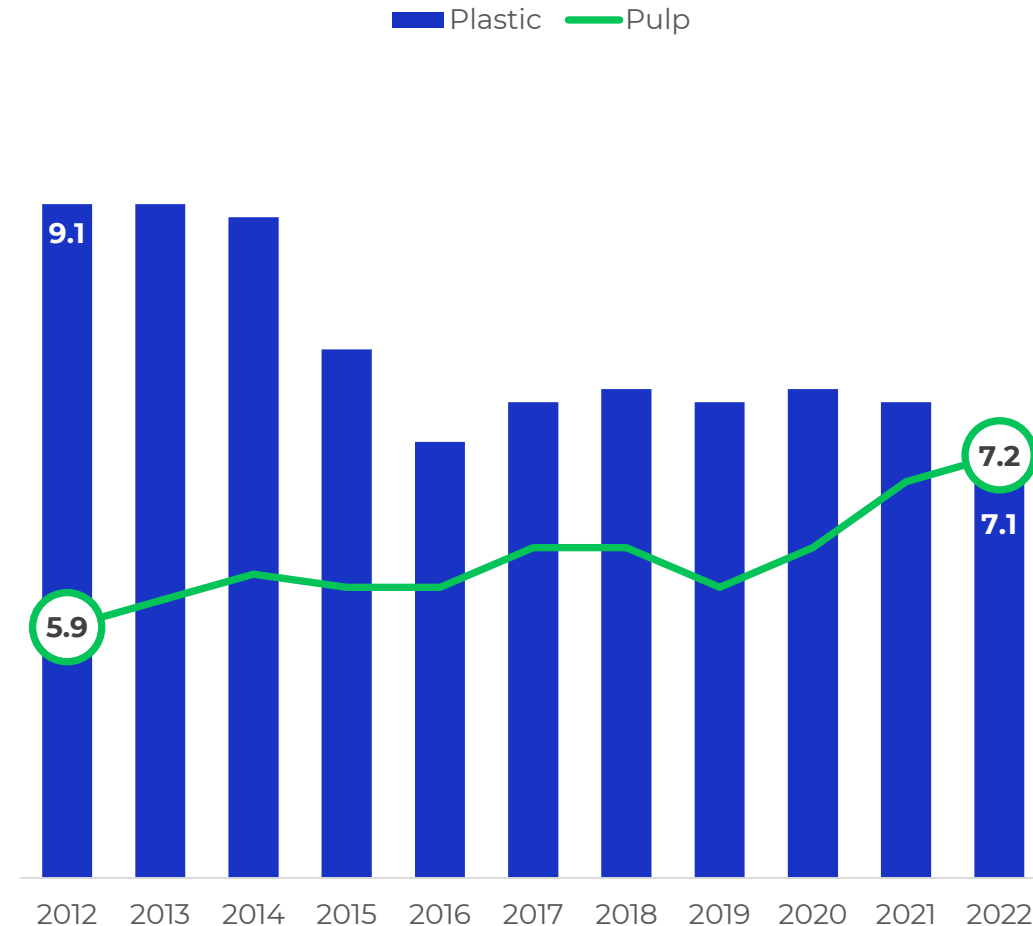
1. Suzano is in the Materials sector, which, according to the S&P rating, presents high environmental and social risks.
2. The main points of attention are carbon emissions, resource use and pollution. New changes in plastic substitution trends are also on the rise
3. Despite the points of concern, Suzano has been making good plans to mitigate these risks, as well as improving the environment in which it operates.

Well-positioned on ESG megatrends

Suzano has the ESG principals ingrained its DNA, surfing the fossil-to-fiber trend

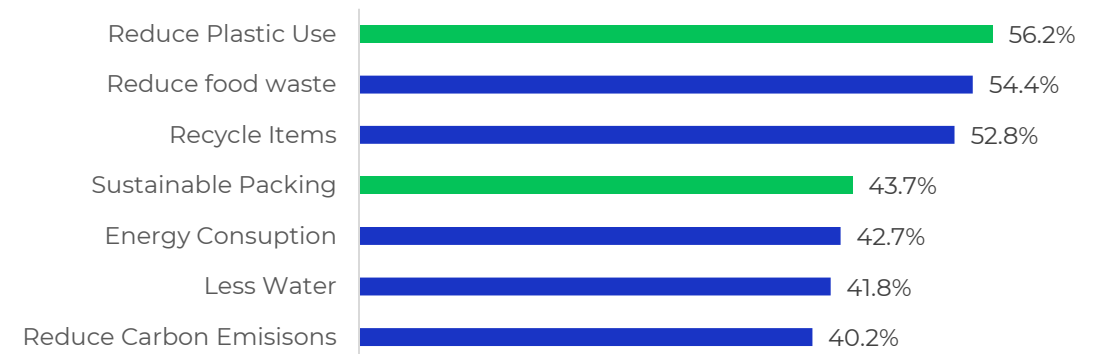
Suzano benefits directly from fossil-to-fiber transition

Plastic & Pulp consumption in Brazil (mn tons)



Research suggests swapping Plastic to paper is priority to consumers

Priority to of sustainables activities (% of respondents; n=26k)

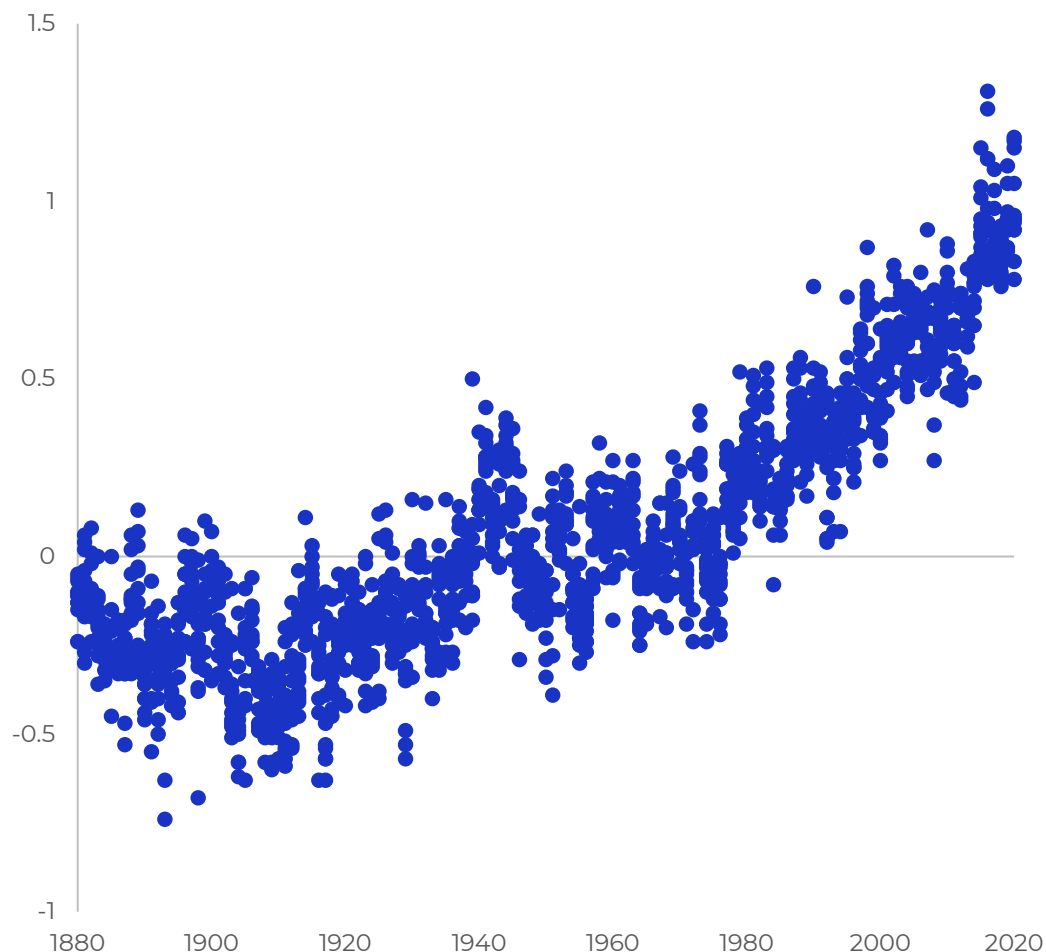


Climate Change: a Reality for the World

The climate change debate is on the rise, but we see Suzano as well positioned

The years are getting hotter

Global average temperature variation from previous year (°C)



Source: NOAA, Team 4

Suzano supports TCFD and adopts its recommendations as reference

Task Force on Climate-related Financial Disclosures



1.

The company maps and manages risks involving global warming

2.

Suzano hired an external consultant to assist with the risk of climate change

3.

The company has been investing in alternatives, such as GMO

Suzano has ambitious climate change goals

Suzano's goals for climate change problem

Goal: Remove 40 million tons of carbon from the atmosphere by 2025

Progress:  55%

Goal: Reduce in 15% the emission of greenhouse gas per ton by 2030

Progress:  53.5%

Asset Owner Adoption of MSCI ESG Indexes

Approximately USD 277 bn were allocated to MSCI ESG Indexes since 2014

2014-2015	2016	2017	2018	2019	2020
AMF MSCI ACWI ESG Leaders policy benchmark UK EAPF USD 400 mn MSCI World Low Carbon Target Index	CalSTRS Committed USD 2.5 bn to MSCI SCWI Low Carbon Target Index Taiwan BLF USD 2.4 bn MSCI SCWI ESG Factor Mix Index AP4 Targeting 100% of equity portfolio allocation by 2020 MSCI Low Carbon Indexes	GPIF Commenced with 3% of equity portfolio MSCI Japan VBV USD 900 mn MSCI World Low Carbon Target Swiss Re USD 130 bn active listed equity and credit MSCI ESG Leaders + Bloomberg Barclays MSCI Corporate Sustainability New Zealand Super 40% of passive equity portfolio MSCI Low Carbon Index	Ilmarinen ESG benchmark indices based on MSCI's ratings Migros USD 4.5 bn MSCI ACWI ex China Universal Ontario Pension Fund MSCI ACWI Ex Canada Ex Tobacco policy benchmark UN Pension Fund MSCI ACWI Ex Controversial Weapons Ex Tobacco policy benchmark	PenSam Adopts MSCI climate Index for EUR 4.8 bn equities portfolio FTQ Announced integration of MSCI World Low Carbon ESG Target Screened Index Ilmarinen Invested USD 2.2 bn in ETFs linked to MSCI ESG Leaders	Shell Pension Moved 23% of its EUR 30 bn portfolio to MSCI's Indexes Swiss Federal Pension Fund MSCI Climate Index for its equity-based portfolio based on transition risk and physical risk PostNL Sustainable (custom-index) European equity holdings

Companies linked to MSCI ESG Ratings:



What Has the Market Missed?

In our view, the market has overlooked key factors for Suzano's excellent positioning

1) Irreplicable Low Cost Position



Suzano's geographical moat

2) Pulp Prices



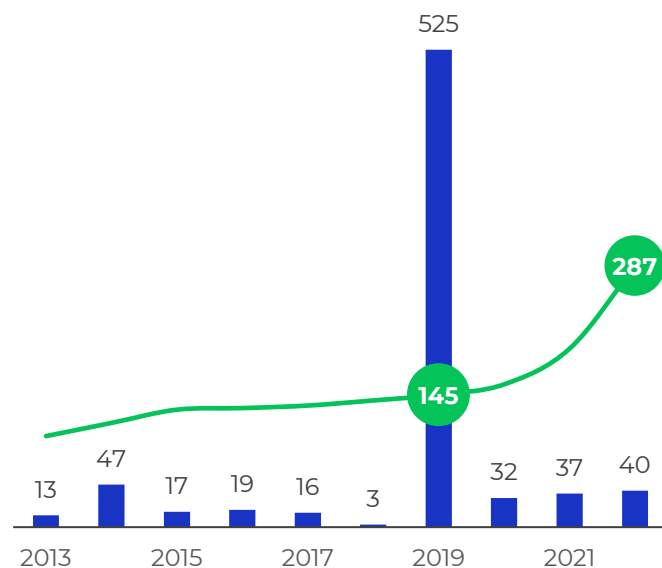
Balanced SD in the longer run

3) Underrecognized ESG Position

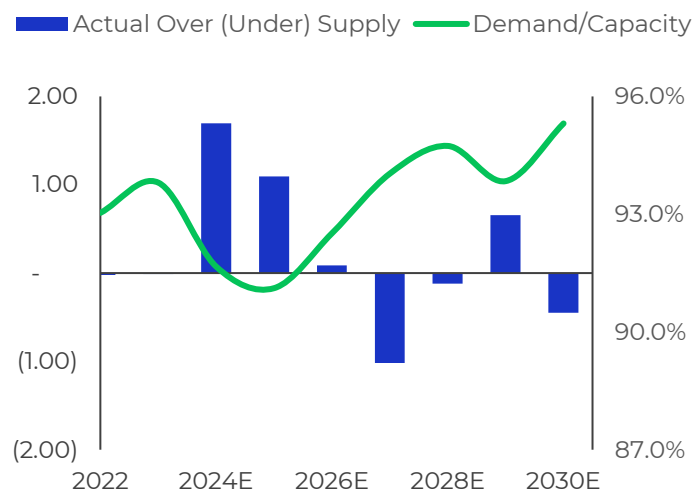


Being part of the energy transition

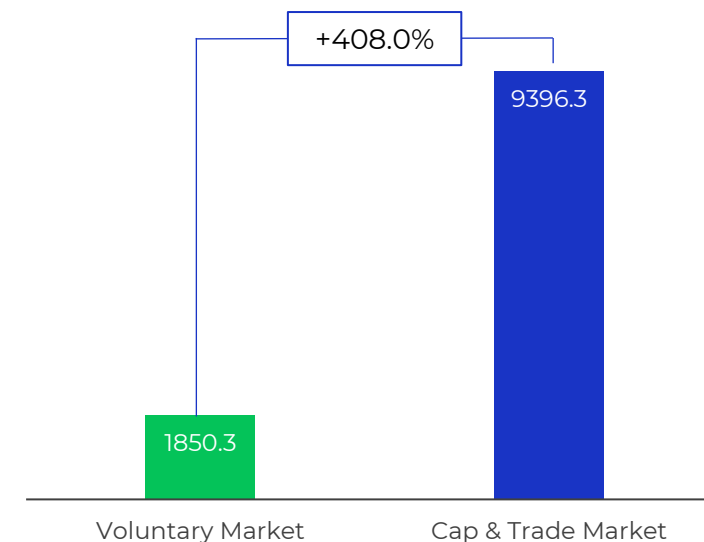
Acquisition of land vs Brazil Farmland Prices



Supply-demand forecast



Suzano's Carbon Credits potential

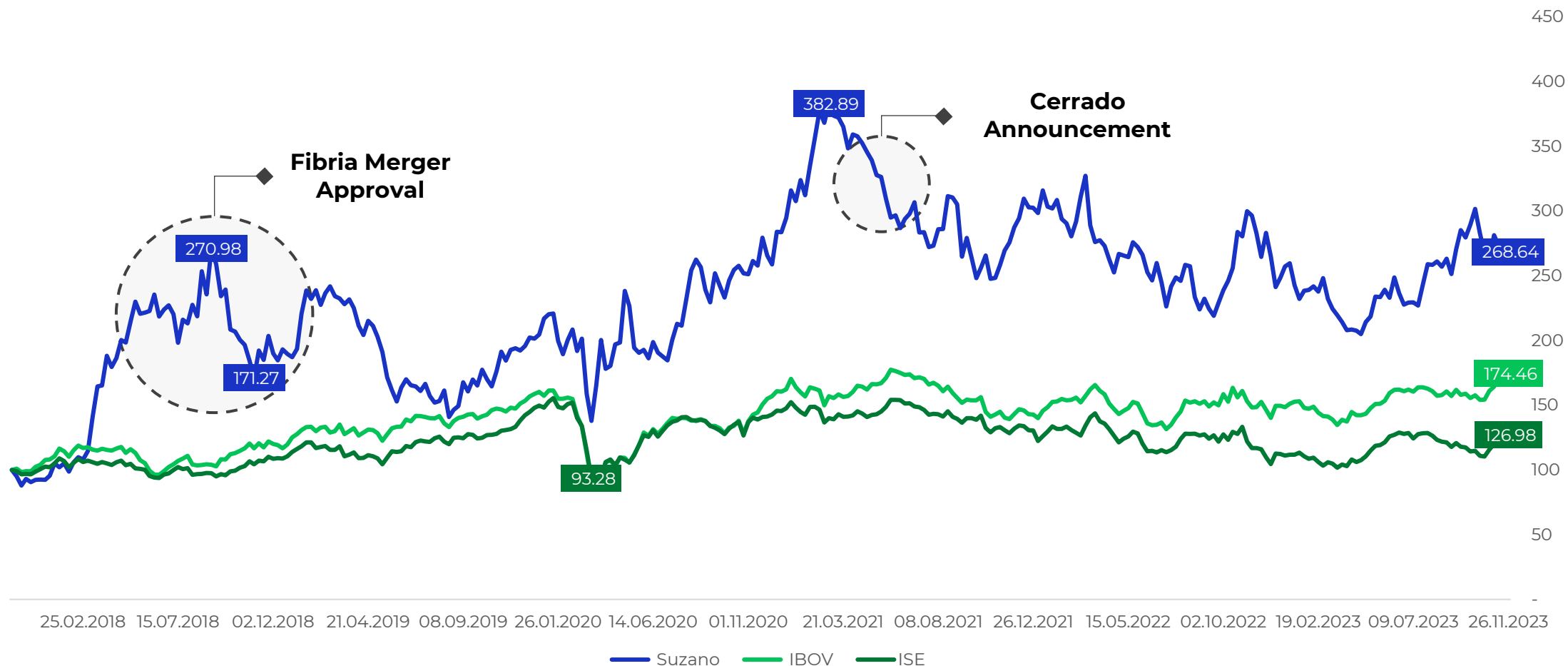


Analyzing SUZB3

Suzano: delivering continuous growth with outstanding management

Suzano performed much better than IBOV, delivering growth along with excellent results over the years

SUZB3 x IBOV performance over the years (100 = 11/12/2017)

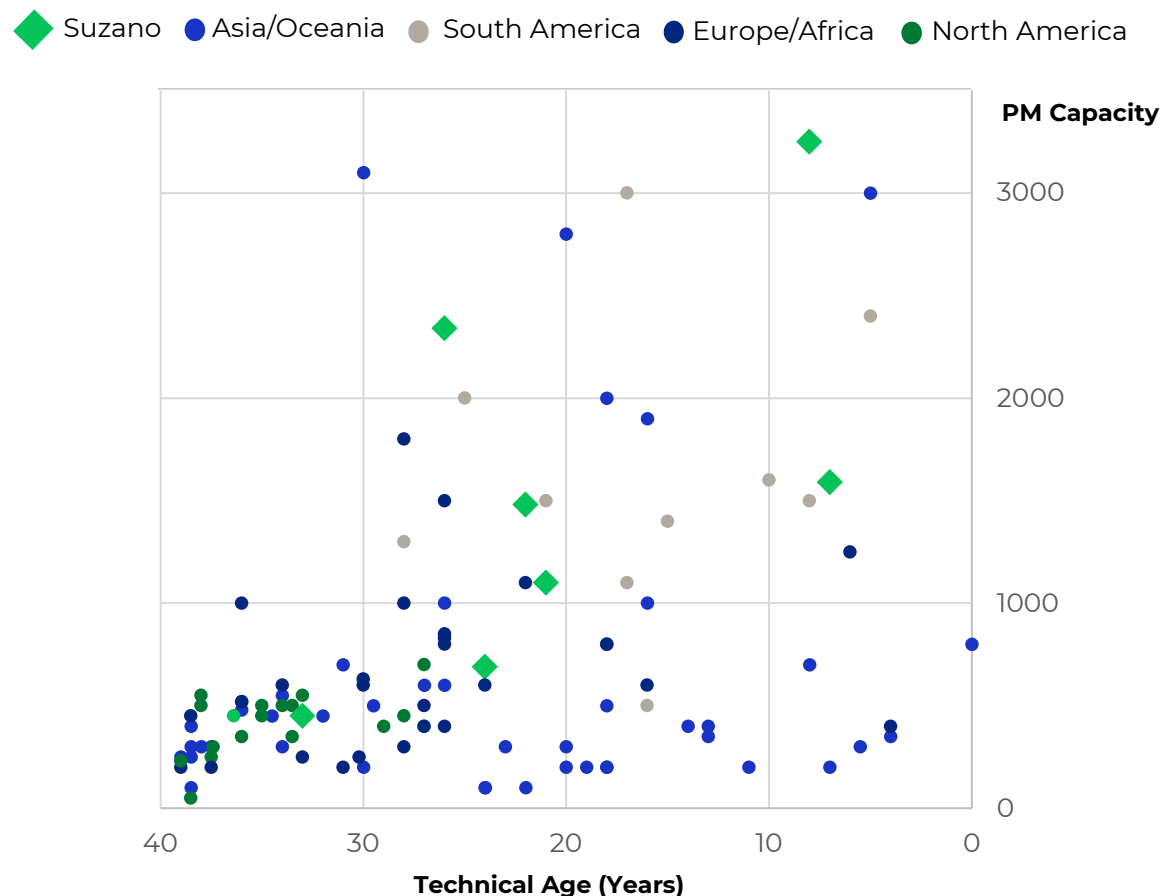


Technical Age Analysis

We conducted an analysis to evaluate the productivity and useful life of Suzano's factories

Technical years refers to the useful life of Suzano's machines.

Technical Age vs PM Capacity



The company has the highest capacity in the world

Suzano's factories detailed

Suzano's Factories		
Name	PM Capacity	Technical Age
TLS	3250	8
Imperatriz	1590	7
Mucuri	1480	22
Aracruz	2340	26
Limeira	690	24
Jacareí	1100	21
Suzano	450	33

1.

When analyzing the data, we see Suzano as very well-positioned

2.

Most of its factories have a **low technical age and high productivity**, placing it above its peers

3.

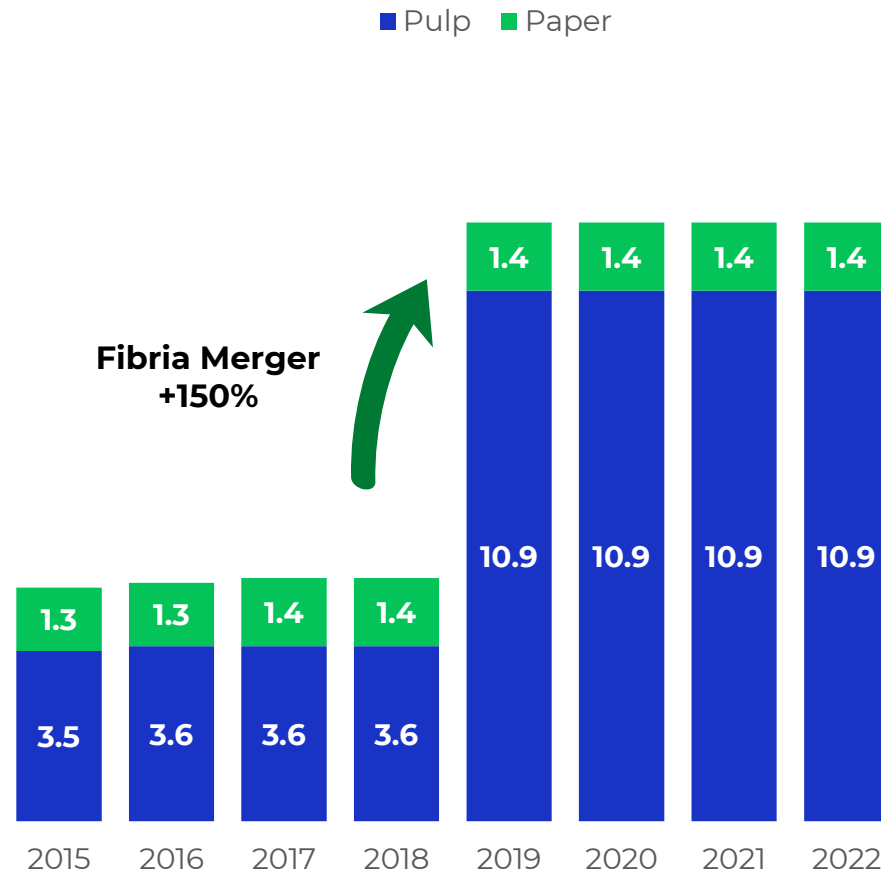
In the 40th technical year, companies must renew their boiler, which is the most expensive part of the factory, requiring significant investments

Pulp Production Capacity

Suzano has the largest Pulp production capacity in the world

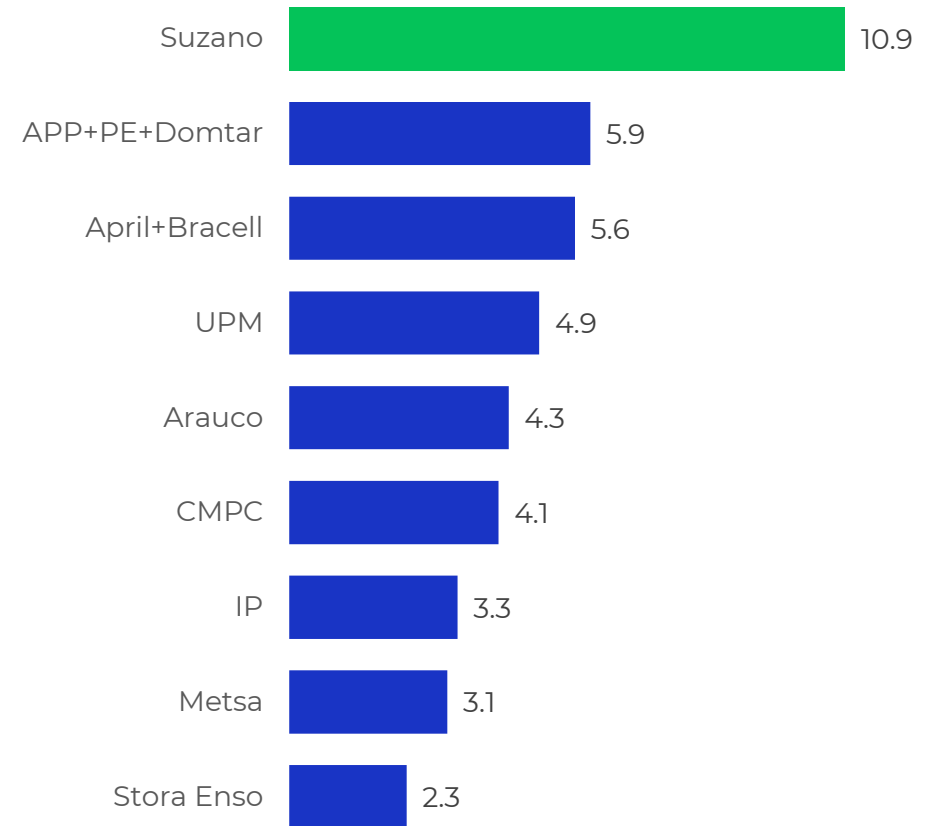
Suzano boosted its capacity in the merger with Fibria

Pulp Capacity (mn tn)



Suzano is the world leader in Pulp capacity

Pulp Capacity (mn tn)



Production Cut

Suzano cut its pulp supply this year, improving the price scenario

Suzano reduces projection for pulp production in 2023

Company says commodity is going through a more complex time

Faced with a scenario considered "complex" in the pulp market, Suzano, a giant in the sector, announced on Monday, June 5, that it will reduce its production of the commodity by 4% this year.

In a statement filed with the CVM, the company said it had taken the decision because it assessed that the volume **"does not bring an adequate return for the company at the current market moment"**

exame.

June 5th, 2023

1.

Suzano cut production because producing more **would not bring a positive return** for the company

2.

Production was cut at the factories that were showing the highest cash costs. The company does not calculate average costs

3.

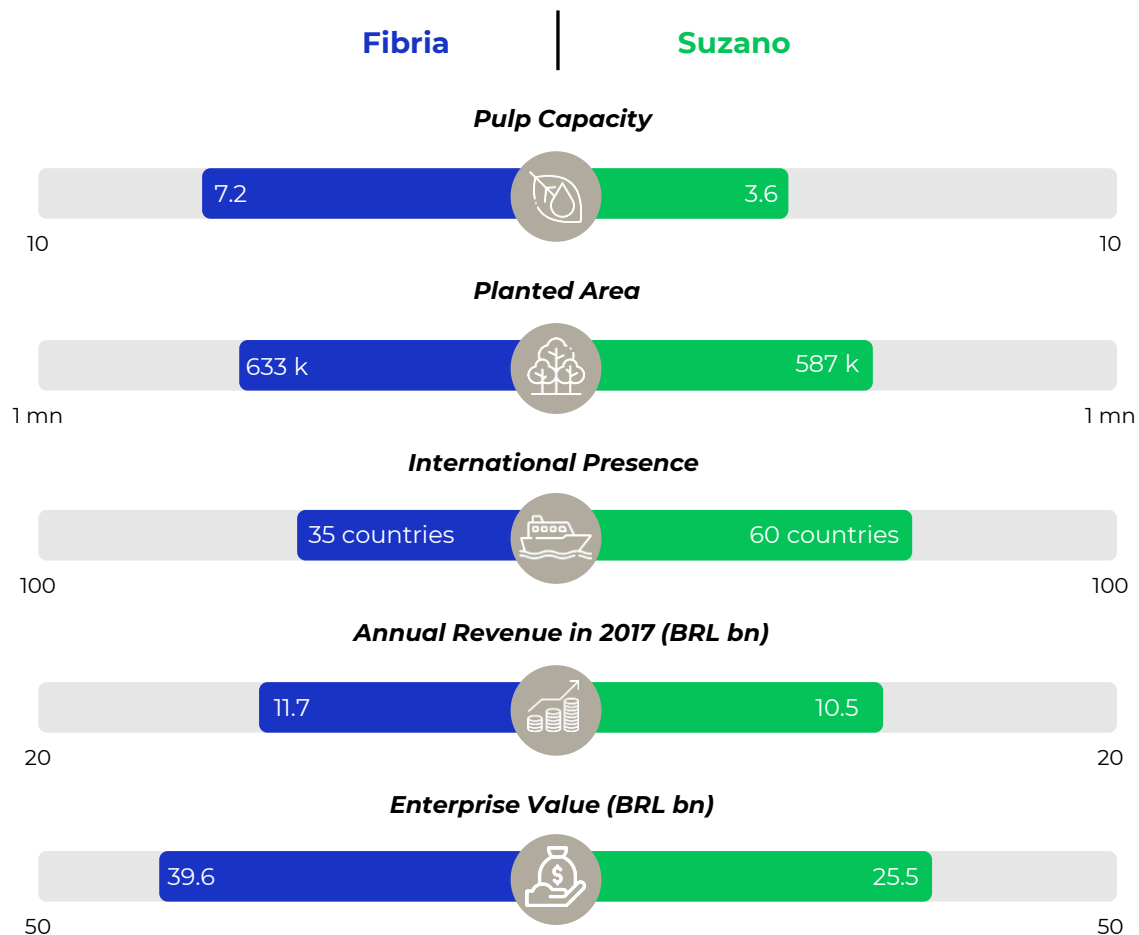
The cut in supply has **helped prices to normalize** and give greater security to players with higher costs

Merger With Fibria: Operational Terms

In 2019, the largest Pulp company in the world was born

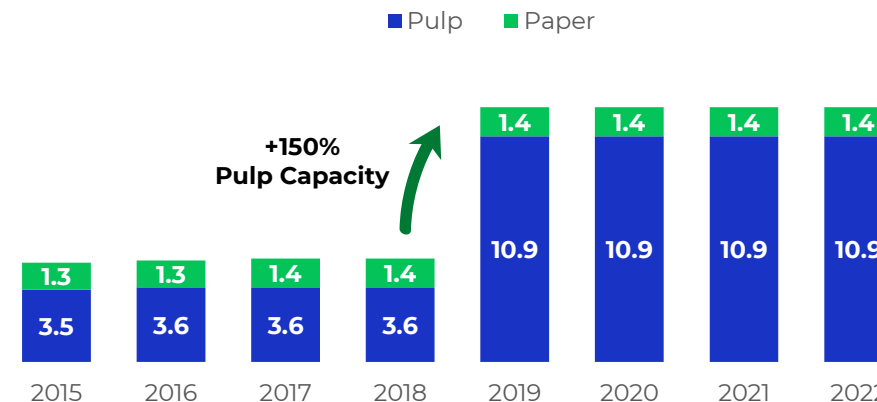
Key companies information on the merger

Creation of the highest Pulp producer in the world



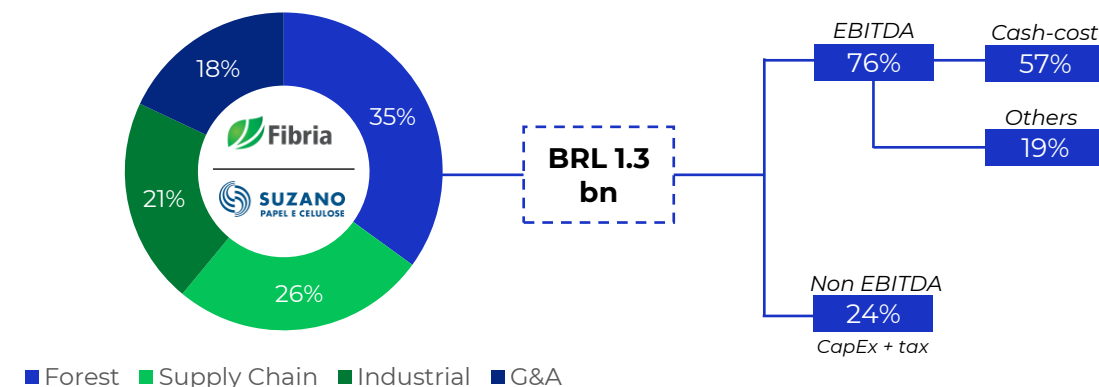
It boosted Suzano's capacity, turning it into the largest in the world

Suzano's Pulp production capacity



Deal with considerable synergies

Effective synergies with the merger between Fibria and Suzano

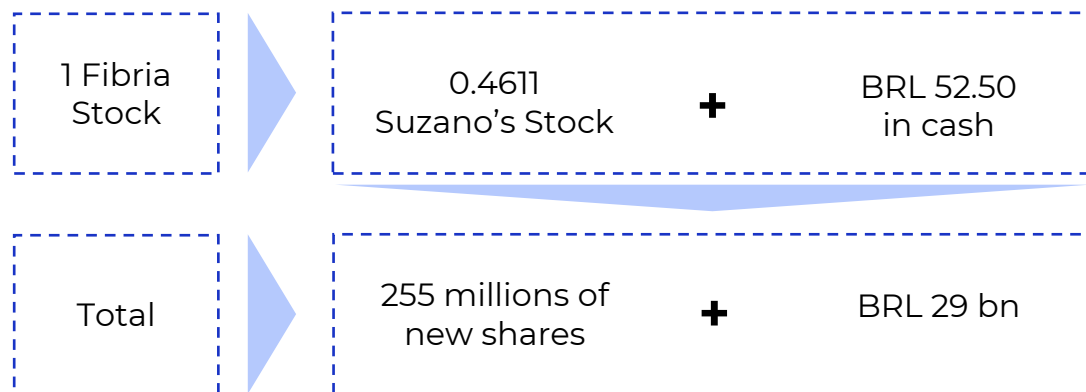


Merger With Fibria: Legal Terms

Key legal information on the Fibria x Suzano merger

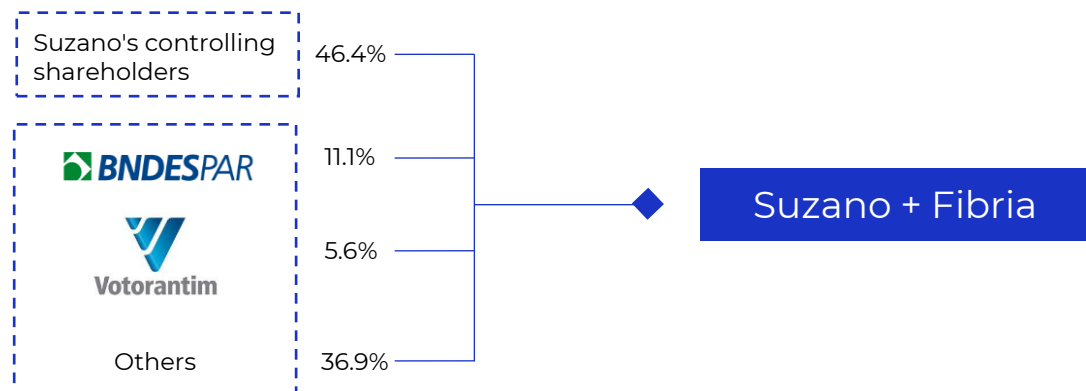
Fibria stocks no longer exist after the merger

Legal agreement on the deal



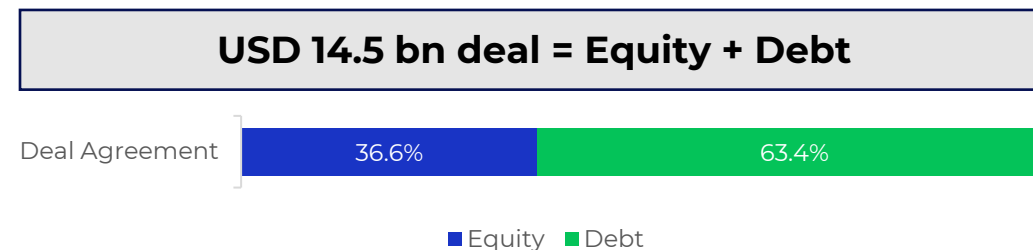
Resulted shareholding composition after the deal

Detailed shareholding composition



Financing structure aimed at future deleveraging

Financing strategy



Our take on Suzano and Fibria Merger

1. This merger created a giant in the sector, unlocking **synergies of USD 1.3 bn** a year, outperforming the competition
2. The synergies involved a **smaller average radius, lower cash costs, scale**, and a reduction in personnel, among others
3. Suzano was only able to become the major player it is today thanks to management's **excellent capital allocation strategy**

Suzano vs Klabin

We see Suzano ahead of Klabin in terms of competitive advantages

	Suzano	vs	Klabin	
Financials				
Pulp as % of EBITDA	85.7%		52%	
EBITDA Margin (%)	59%		40%	
ROIC	20%		14.7%	
Enterprise Value	BRL 126 bn		BRL 46 bn	
Scale				
Productive land (ha)	1.4 mn		367 k	
% of own wood	64%		51%	
Cash Cost	180 USD		275 USD	
ESG				
B3 "Novo Mercado"	✓		✗	
MSCI Rating	BB		BBB	

Suzano leads Klabin in 7/8 criteria!

Average Radius Analysis

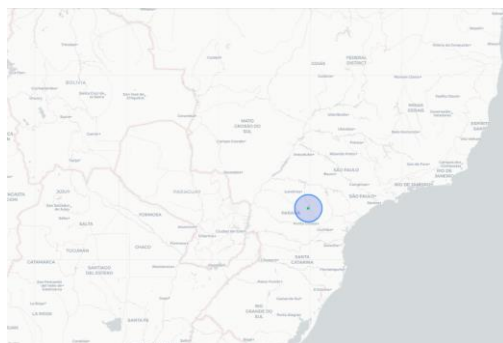
Average Radius is one of the most important metrics on the P&P industry

The distance between Forest-Mills is crucial

Average Radius illustration

 Normal Factory  Cerrado

Klabin's Average Radius



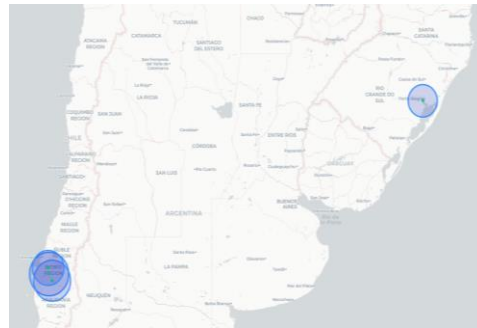
Suzano's Average Radius



Arauco's Average Radius



CMPC's Average Radius



Suzano has one of the highest average radius on the market

Average Radius by company (Km)

	Forest - Mills	Mills - Ports
CMPC	146 km	182 km
Klabin	85 km	267 km
Arauco	143 km	203 km
UPM	127 km	184 km
Suzano	156 km	243 km

◆ With Cerrado, the average Forest-Mills radius decreases to **140 km**

Hexatrains

Suzano's new Initiative that increases its transportation efficiency



1.

Largest truck in the industry with 6 compartments for transporting wood

2.

The hexatrail is 54 meters long, carries up to 200 tons and can only run on private roads

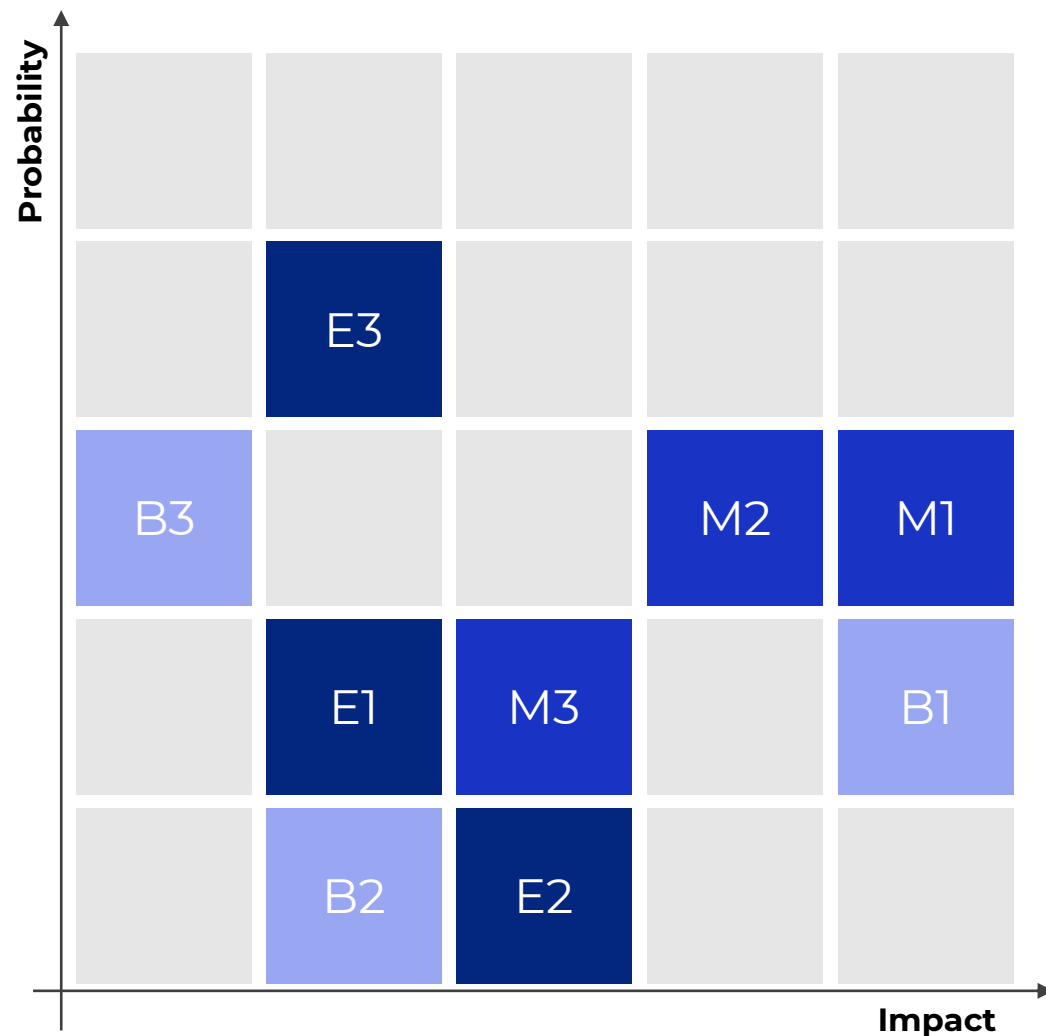
3.

Suzano's exclusive contract with Volvo

- ◆ The productivity gain of a hexatrail compared to a pentatrail reaches close to **30%** and almost **130%** compared to a three-trail
- ◆ It is possible to transport **more volume in less time**, with the same safety and still having environmental and operational gains
- ◆ Furthermore, it consumes **21%** less fuel, reducing transport costs significantly.

Risk Matrix

What are the risks from our Investment Thesis?



Business & Operational

- B1.** Bad capital allocation strategy post Cerrado
- B2.** Increased capital requirement or delay on Cerrado Project
- B3.** Natural disasters and illegal invasions in Suzano's forestry

Market & Macro

- M1.** Lower pulp prices for longer
- M2.** BRL appreciation against the US dollar
- M3.** Higher COGS due to inflation and higher Brent prices

ESG

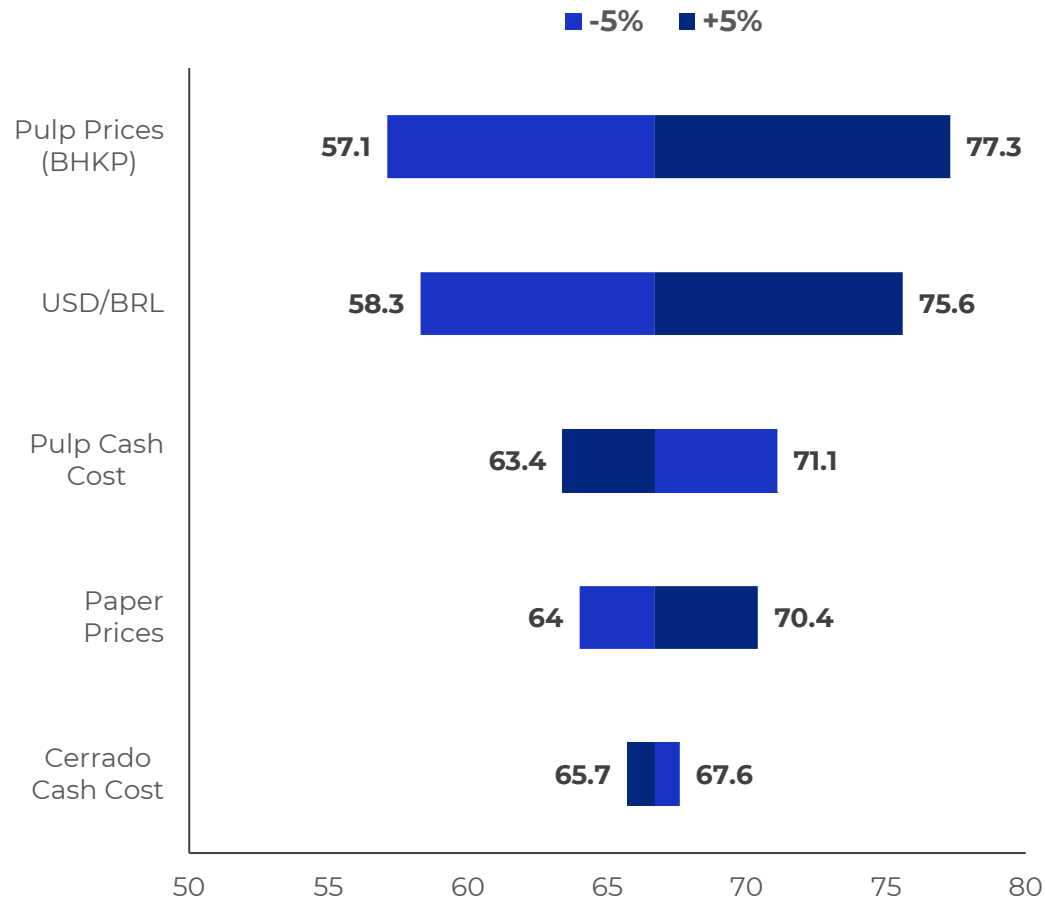
- E1.** Falling short of prescribed Environmental targets
- E2.** Conflict of interest within the controlling Family
- E3.** Reduction of productivity due to Climate Change

Tornado Analysis

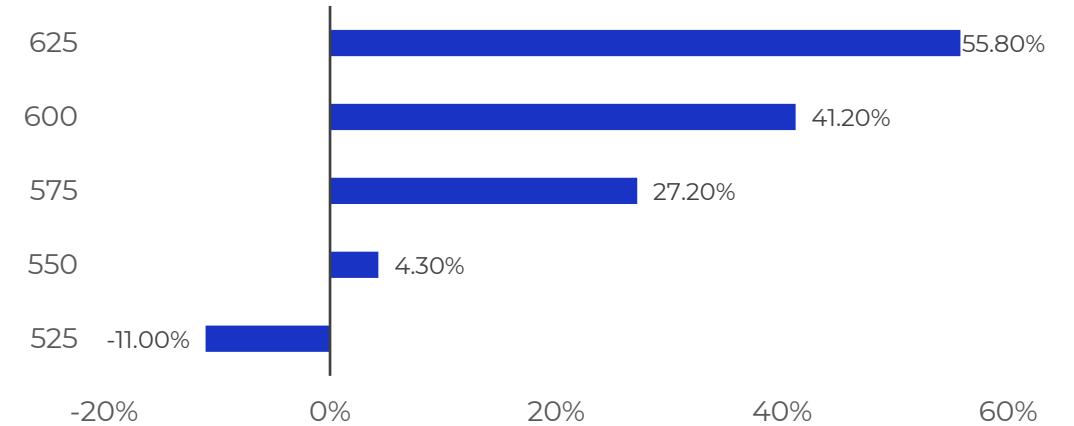
We carried out a Tornado Analysis to measure what our target price is most sensitive to

Our target price is most vulnerable to pulp prices and USD/BRL

Tornado Analysis (BRL)



Our upside is sensitive to BHKP Prices



1.

We are sensitive Pulp Prices, USD/BRL, Pulp Cash Costs, Paper Prices, and Cerrado Cash Costs

2.

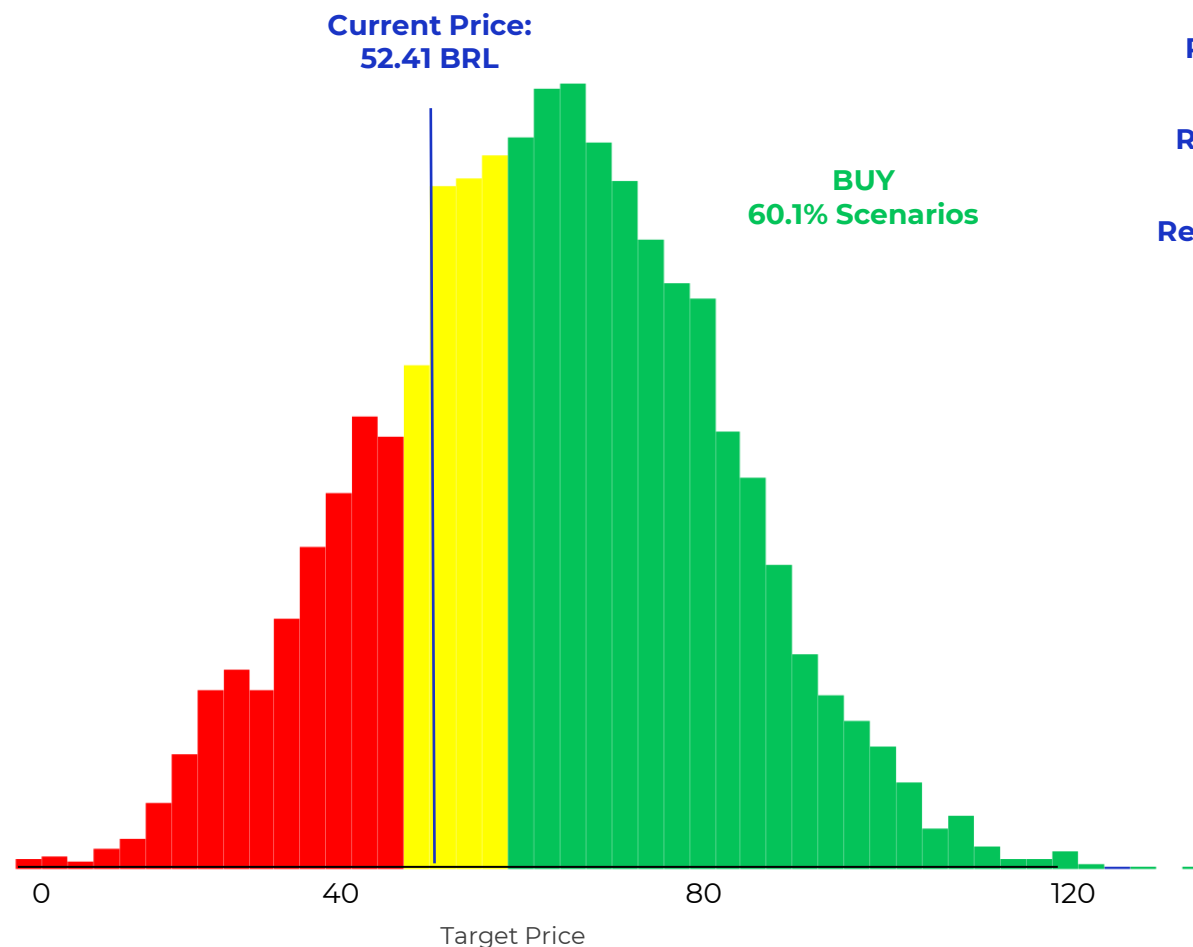
By far, we see that our Target Price is **more sensitive** to **Pulp Prices and USD/BRL variations**

3.

However, paper prices and the cash cost doesn't affect much our valuation

Monte Carlo Simulation

In most cases, our recommendation yielded **BUY** proposals



Variable	Distribution	Mean	Std. Dev.
Real Pulp Prices	Normal	575	150
Real Paper Prices	Normal	1300	300
Real Pulp Cash Cost	Normal	800	50
Real USD/BRL	Normal	5	0.5

1.

We assumed the above distributions for key variables and simulated over 5,000 scenarios sampled randomly from those distributions and stored the resulting price target for each simulation

2.

The results show us that, in most scenarios, Suzano's current price level offers a very attractive risk-reward to the uncertainty of the pulp market and exchange rates that are largely unpredictable

2.

The Monte Carlo simulation showed **yielded buy recommendations in 60.1% scenarios**, hold recommendations in 16.4% scenarios, and sell recommendations in 23.5% scenarios

El Niño & La Niña

How do these atmospheric phenomena affect eucalyptus production?

El Niño

- ✓ Superficial winds in the equatorial region weaken, causing the average temperature in the Pacific Ocean to increase.
- ✓ In Brazil, El Niño leads to **heavy** or **above-average rainfall** in the **South**, while causing drought in the North and Northeast.

Vs.

La Niña

- ✓ The effects of La Niña are **opposite** to those of **El Niño**. The trade winds strengthen, increasing the upwelling of deep waters from the Pacific Ocean.
- ✓ In Brazil, La Niña results in **above-average precipitation** in the **North** and **Northeast** and drought in the South.

Suzano is in a sweet spot:

1.

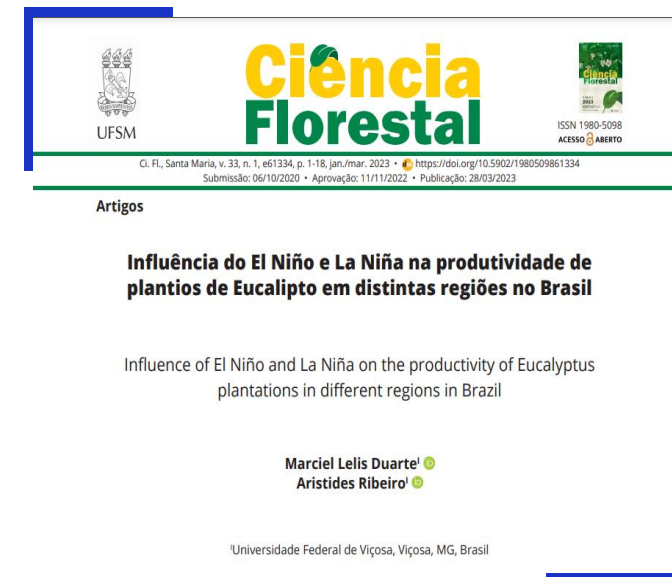
In the **Southeast** region, there are few anomalies due to its transitional nature. Consequently, Suzano remains relatively **stable** during both phenomena

2.

In the **South** region, there is **increased rainfall during El Niño** and decreased rainfall during La Niña, resulting in increased productivity and a decrease, respectively.

3.

In the **Northeast** region, there is increased rainfall during La Niña and **decreased rainfall during El Niño**, leading to increased productivity and a decrease, respectively.



Taiwan presidential election will take place on January/2024

Three candidates, with different ideas

How is the industry affected?

Lai Ching-te



Voting intention:
37%

Hou Yu-ih



Voting intention:
34%

Ko Wen-je



Voting intention:
18%

◆ Lai Ching-te, current vice president, is leading the polls. He has a **pro-independence** vision.

◆ However, the other two candidates have more **pacifist** views, aiming for dialogue with the Chinese communist party

◆ If the polls remain this way, the relationship between China and Taiwan could remain **delicate**.



Conflict

Conflict between china and taiwan could affect global **demand** for pulp

Unlikely

There are threats of **interference from the USA**, and China also depends on **relations with other countries** (like Brazil), not only do they depend on it

How Much do Fires Affect Suzano?

Fires are common in good eucalyptus-growing environments and end up regulating market supply

The latest data confirms it: forest fires are getting worse

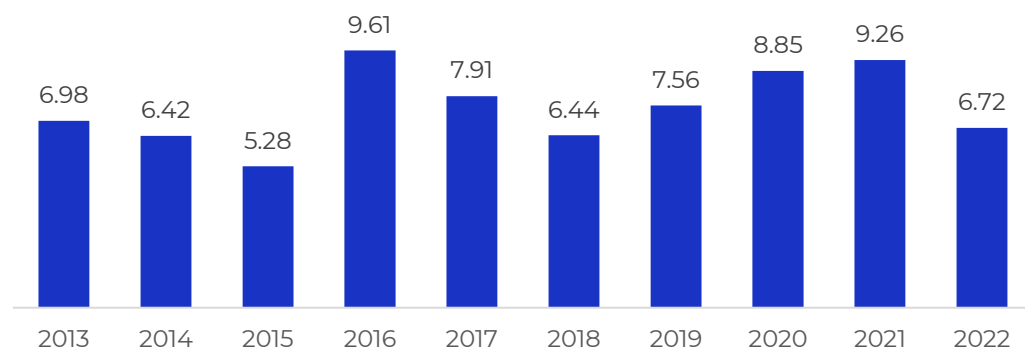


Climate change is one of the main drivers of the increase in fire activity. Extreme heat waves are already five times more likely today than 150 years ago and are expected to become even more frequent as the planet continues to warm.

Oct. 18th, 2023

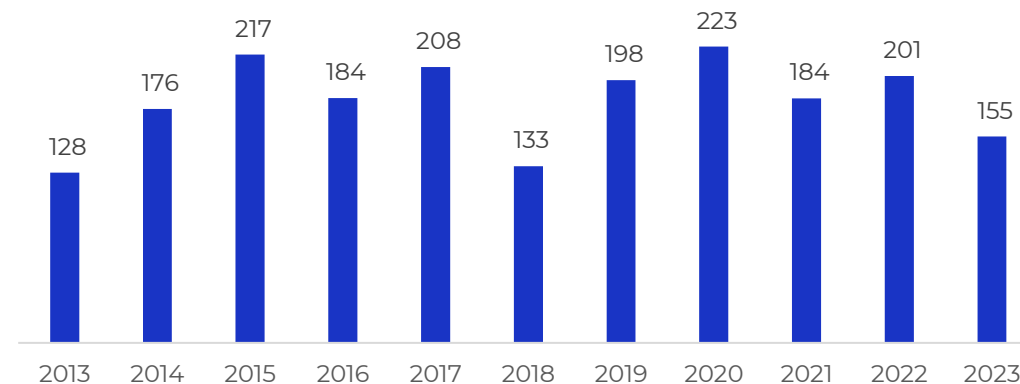
The rise in fires is a global phenomenon

Loss of tree cover due to wildfires in the world (in mn)



Wildfires in Brazil are stable over the years, despite a drop in 2023

Wildfires in Brazil in '000 (2023 runs until October)



1.

Although wildfires are on the increase worldwide, they end up **regulating supply and prices** on the market with crop failures

2.

Global warming is one of the main causes of the recent increase in fires. El Niño could also affect in the short-term

3.

Suzano has forests in **diversified areas of Brazil**, **reducing** some of the systematic **risk** of fires

What would make it a sell?

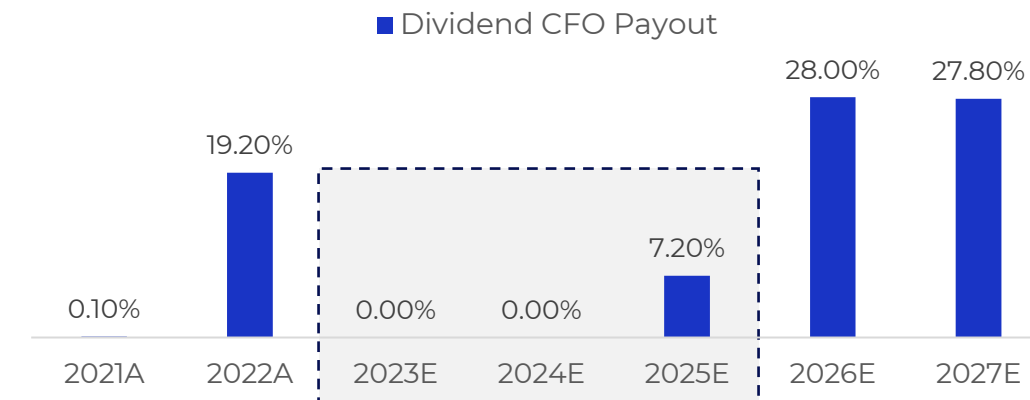
Suzano presents some **risks** and if the main ones were to happen, our thesis could become a **SELL**

Consistently supply additions, leading to lower prices
Scenario considering lower Pulp prices

1. Announcement of new low-cost projects, generating **persistent oversupply**, and BHKP decrease

		USD/BRL				
		4.4	4.7	5.0	5.3	5.6
BHKP (USD/tn)	535	-43.8%	-22.1%	-2.0%	16.7%	34.4%
	545	-37.5%	-15.5%	4.7%	23.5%	41.2%
	555	-31.0%	-9%	11%	30%	48.1%
	565	-24.4%	-2%	18%	37%	54.9%
	575	-17.8%	4%	27%	44%	61.8%
	585	-11.3%	11%	31%	50%	68.6%
	595	-4.7%	17%	38%	57%	75.5%
	605	1.8%	24.1%	44.7%	64.0%	82.3%
	615	8.4%	30.7%	51.3%	70.7%	89.1%

Non-strategical capital allocation strategies
Dividend CFO Payout



Risks of Suzano adding more Pulp capacity, via new investments

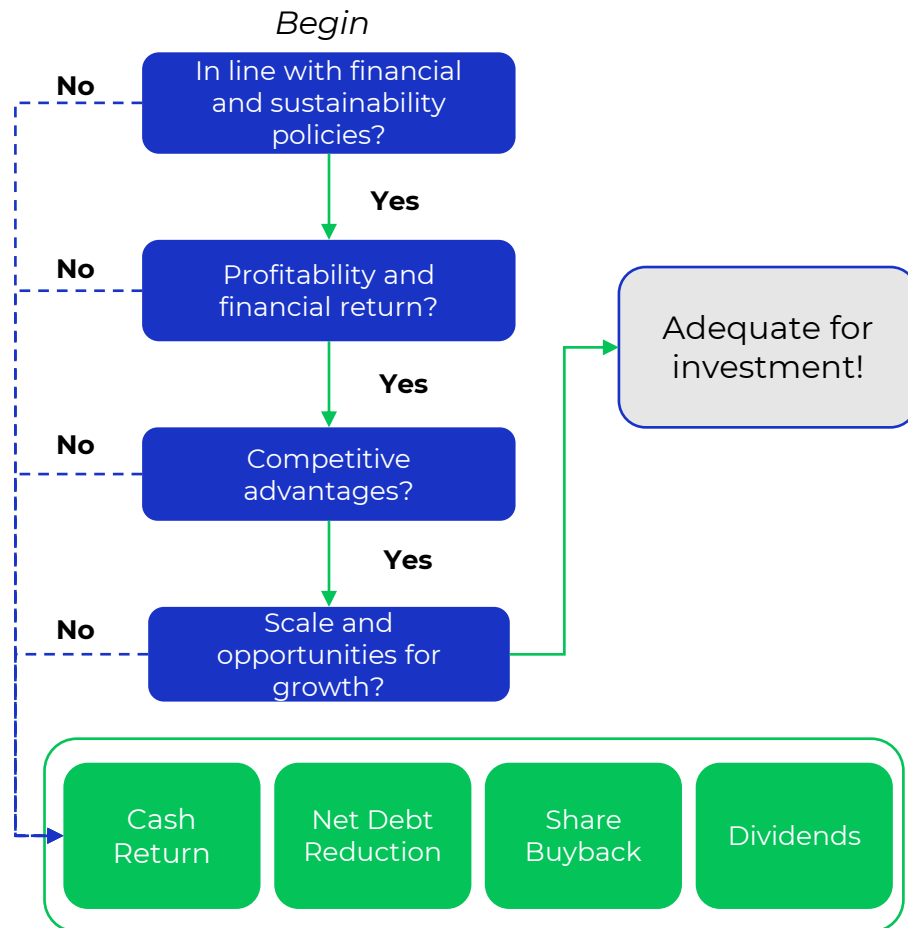
1. Not maximizing shareholder returns
2. Investing on negative NPV projects
3. Lead to continuous oversupply in the market

Capital Allocation

The company has a track record of reinvesting earnings into new projects

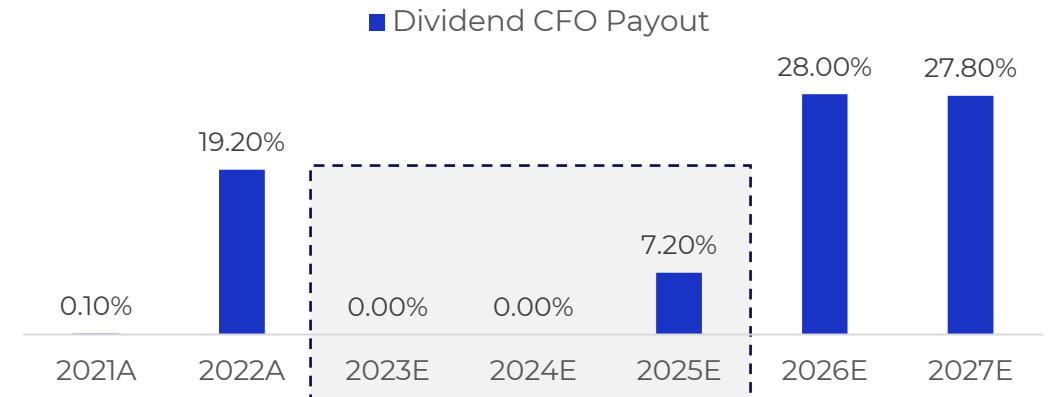
Suzano regularly invests heavily in capex with a clear decision process

Capital Allocation Tree



We believe the company will repay their shareholders

Dividend CFO Payout (%)



Considering a consolidated pulp market, we see **3 main avenues of growth** if Suzano spends more on CapEx:

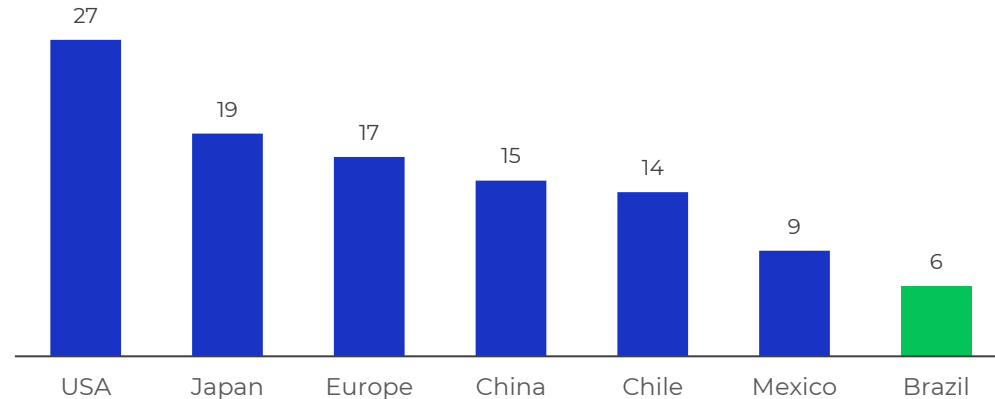
1. Tissue business
2. Fluff pulp
3. GMO (Genetically Modified Organisms)

Tissue Trends

Suzano's market expansion in tissue

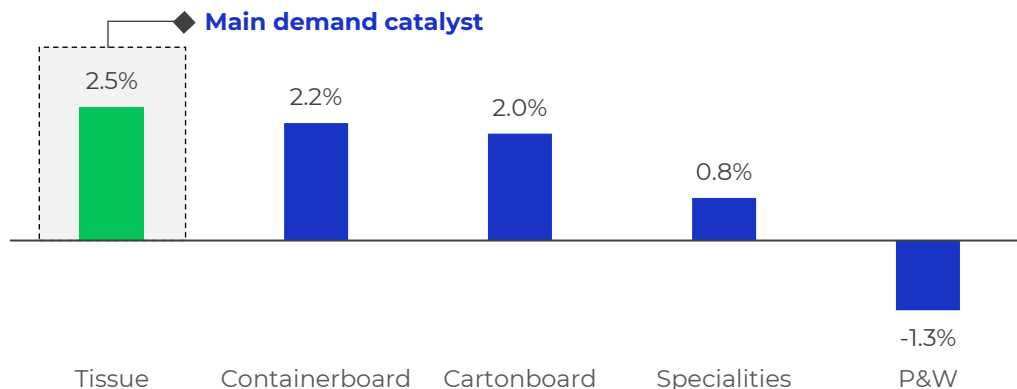
Per capita consumption increase as a growth triggers

Tissue Market (kg per capita per capita per year)



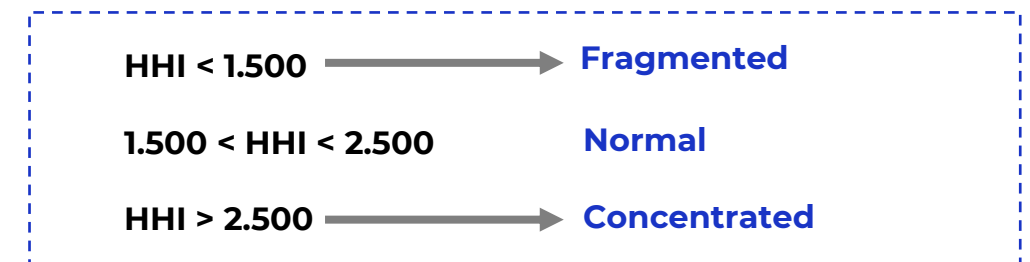
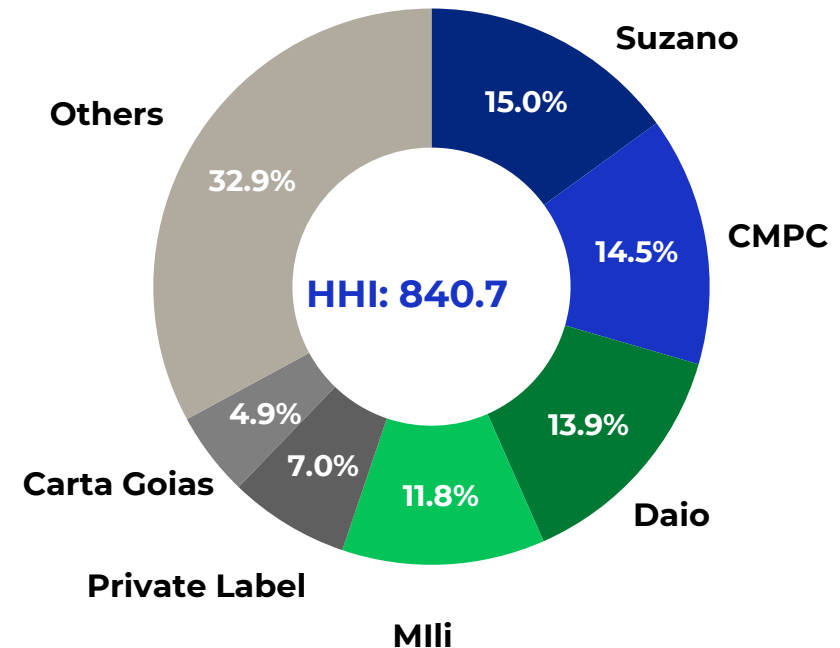
Tissue represents the biggest opportunity in the Pulp Market

Pulp world demand CAGR22-32 by type (%)



Fragmented industries indicate growth opportunities

HHI Index



Kimberly Clark Acquisition

We see KC acquisition by Suzano as an excellent capital allocation, unlocking competitive advantages

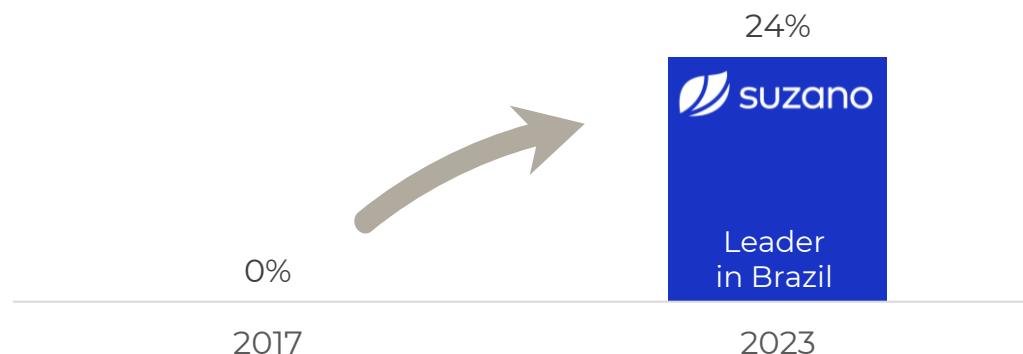
Suzano acquired the Tissue business of KC

Key information

1. Purchase of KC tissue business in Brazil on April/23
2. The transaction was valued at **USD 175 mn**
3. The deal included the brand **“Neve”**, and a mill with more than 130 thousand of tons of capacity

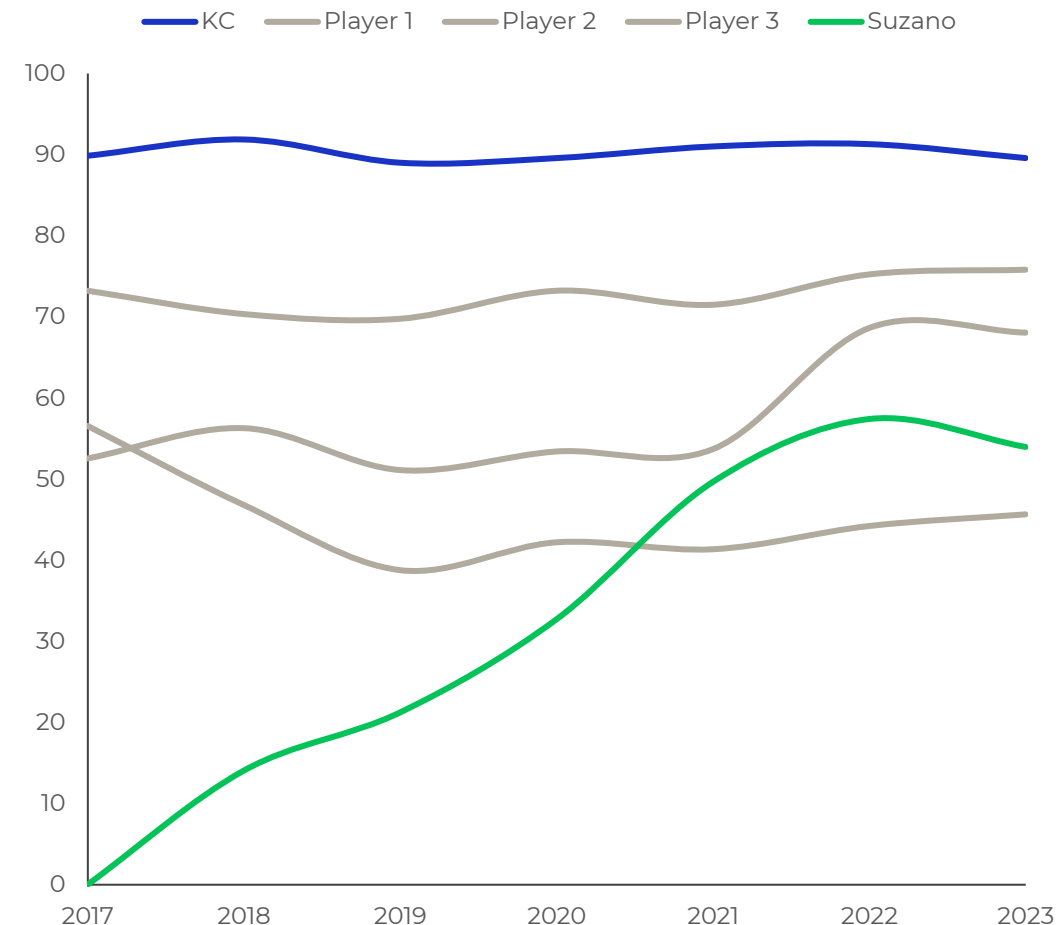
Suzano is now the leader within the Tissue market

Suzano market share on the tissue industry (%)



Best improvement in distribution channel

Companies presence in stores (%)

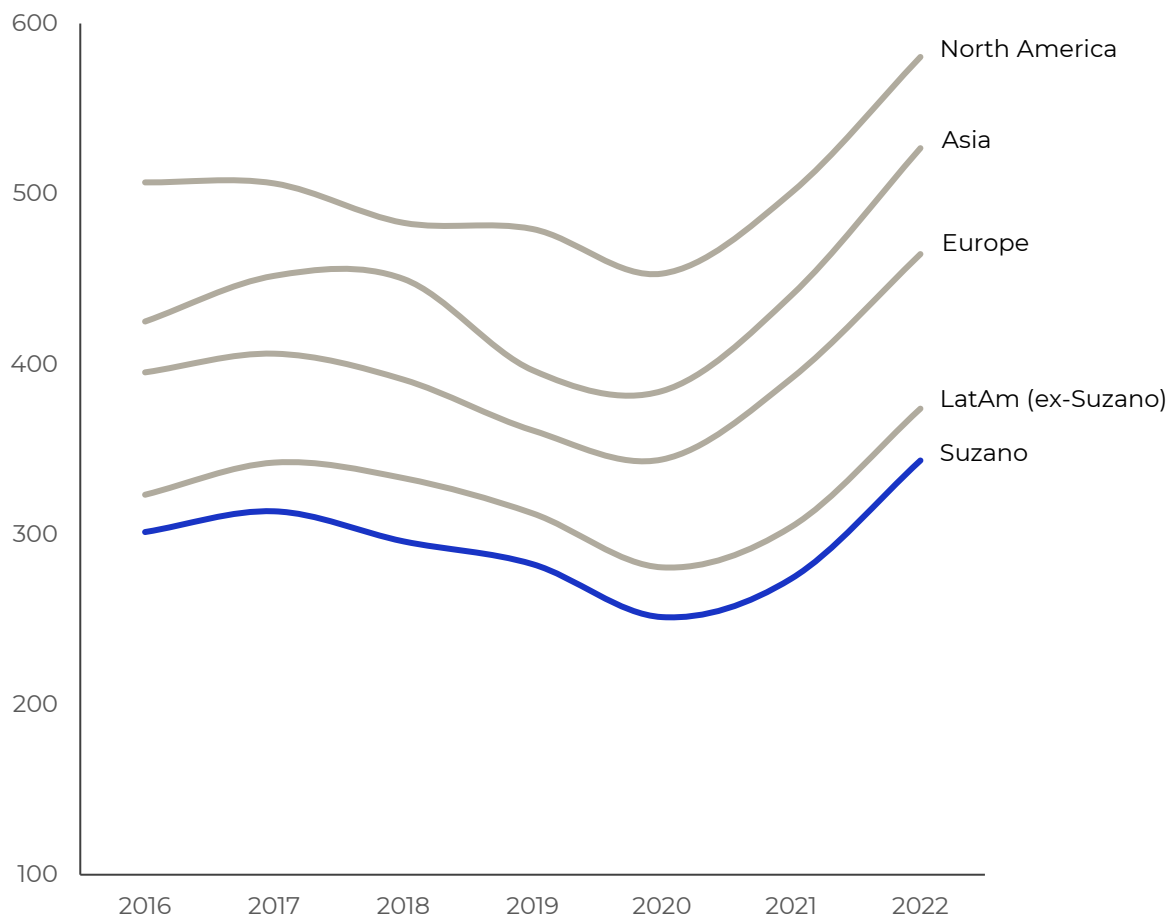


Tissue Competitive Advantages

We see Suzano well-positioned in the Tissue segment, addressing huge competitive advantages

Suzano has the lowest paper cash cost within the tissue industry

Tissue Cash Cost (USD/tn)



Addressing deep competitive advantages

Tissue gives Suzano's competitive advantages

Premium Segment:

Neve

→ "Top-of-mind" brand

Mainstream Segment:

Mimmo

→ Most present brand in Brazilian homes

✓ Distribution

- Presence in +200k customers in Brazil
- Top 1 weighted distribution in Brazil

Expanding throughout new mills

Suzano announced its new Tissue Mill in Aracruz

Capacity

60 ky/y

(paper toilet and paper towel)

CapEx

BRL 650 mn

(total CapEx)

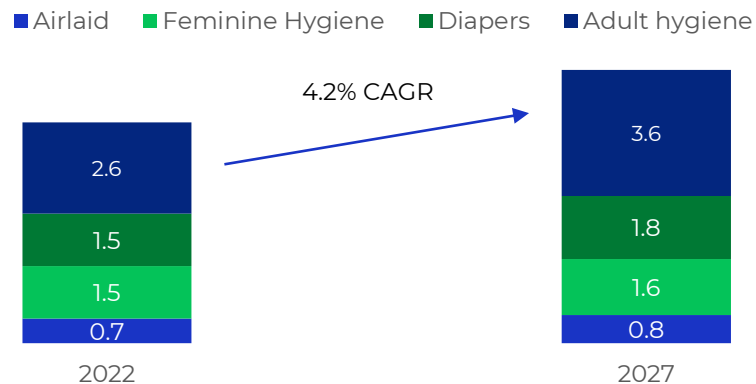
Start Up

1Q26

We see the potential of expansion for Suzano within the Fluff market, with its brand Eucafluff

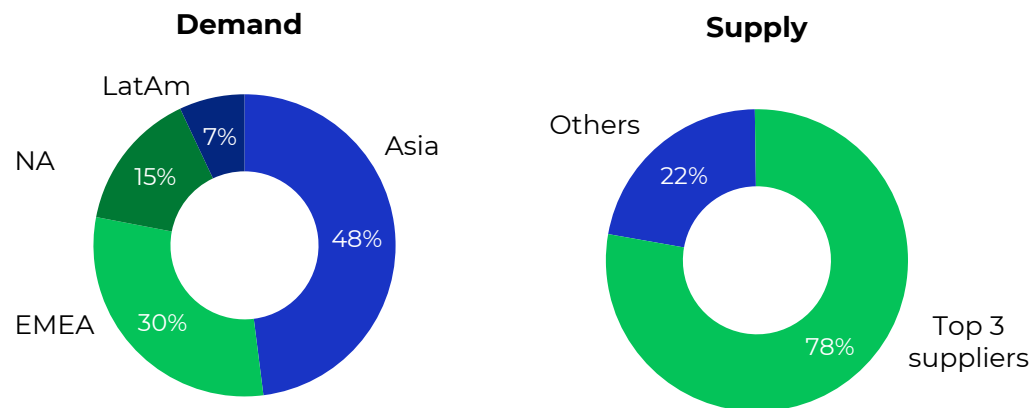
Fluff demand tends to increase in the next years

Fluff demand by end use category (Mt)

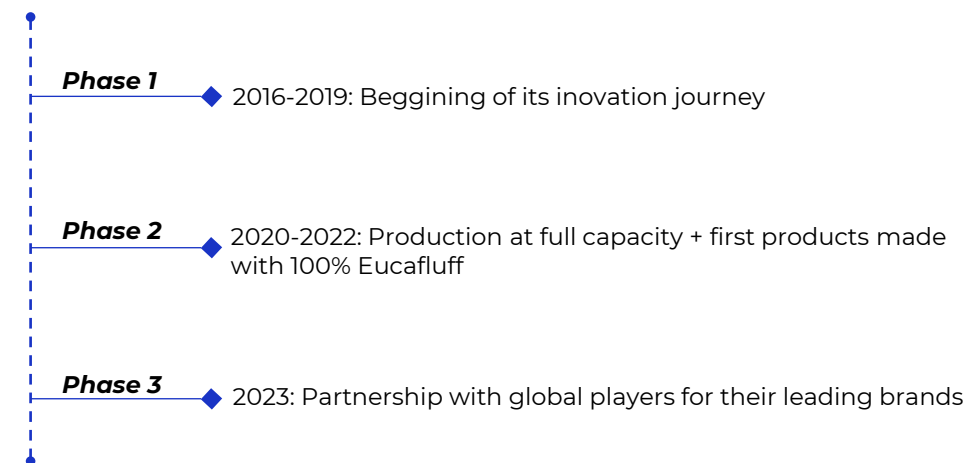


We see a big opportunity in the supply side

Supply and demand for Fluff by region



Eucafluff: Successful fiber-to-fiber case through innovation



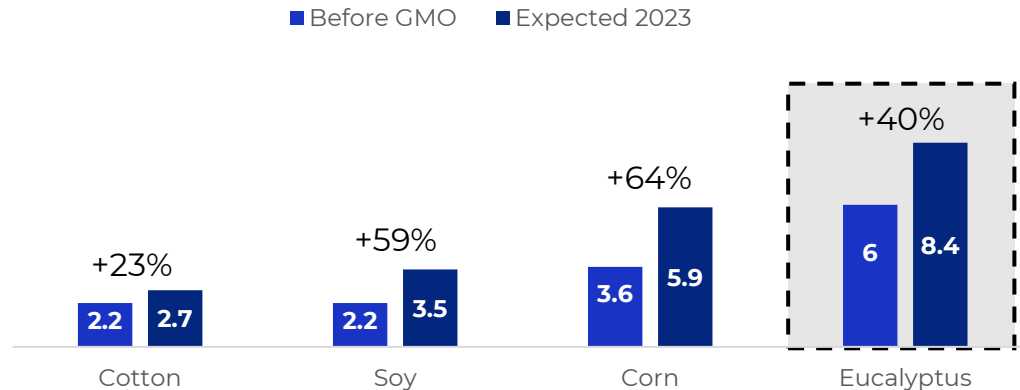
Euclafluff advantages:

1. Extra dry skin
2. Thinner, softer and more flexible
3. Reduced environmental footprint + lower costs

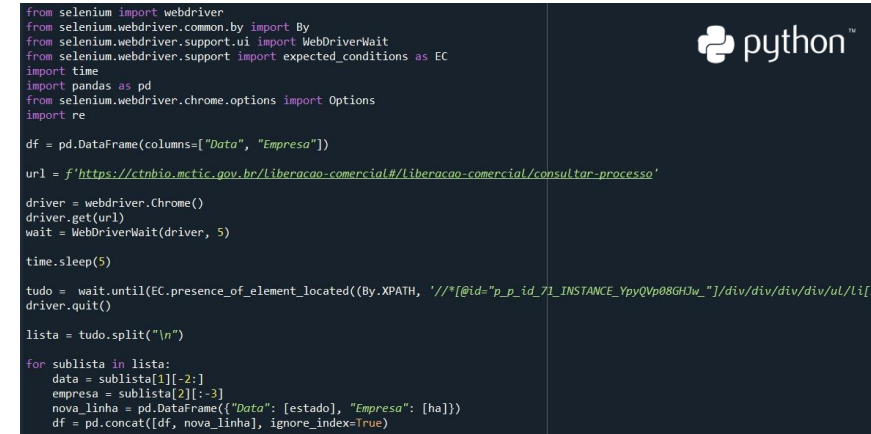
GMO: Expanding Through Innovability

Growing **competition** and **land scarcity** make productivity essential. Thus, **GMO adoption** is a real **necessity**

GMOs have significantly enhanced productivity in various crops
Productivity Gains (in ton/ha for commodities and m³/ha for Eucalyptus)



... And we see Suzano as the most prepared for that
GMO requirement registrations (in units)



```
from selenium import webdriver
from selenium.webdriver.common.by import By
from selenium.webdriver.support.ui import WebDriverWait
from selenium.webdriver.support import expected_conditions as EC
import time
import pandas as pd
from selenium.webdriver.chrome.options import Options
import re

df = pd.DataFrame(columns=["Data", "Empresa"])

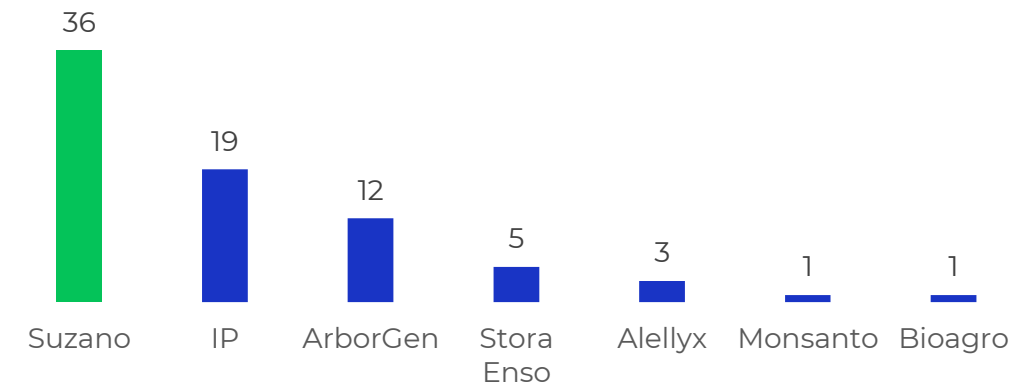
url = f'https://ctnbio.mctic.gov.br/liberacao-comercial#/liberacao-comercial/consultar-processo'

driver = webdriver.Chrome()
driver.get(url)
wait = WebDriverWait(driver, 5)
time.sleep(5)

todo = wait.until(EC.presence_of_element_located((By.XPATH, '//*[@id="p_p_id_71_INSTANCE_YpyQVp08GHJw"])/div/div/div/div/ul/Li[1]')))
driver.quit()

lista = todo.split("\n")

for sublista in lista:
    data = sublista[2:-2]
    empresa = sublista[2][:-3]
    nova_linha = pd.DataFrame({"Data": [estado], "Empresa": [ha]})
    df = pd.concat([df, nova_linha], ignore_index=True)
```

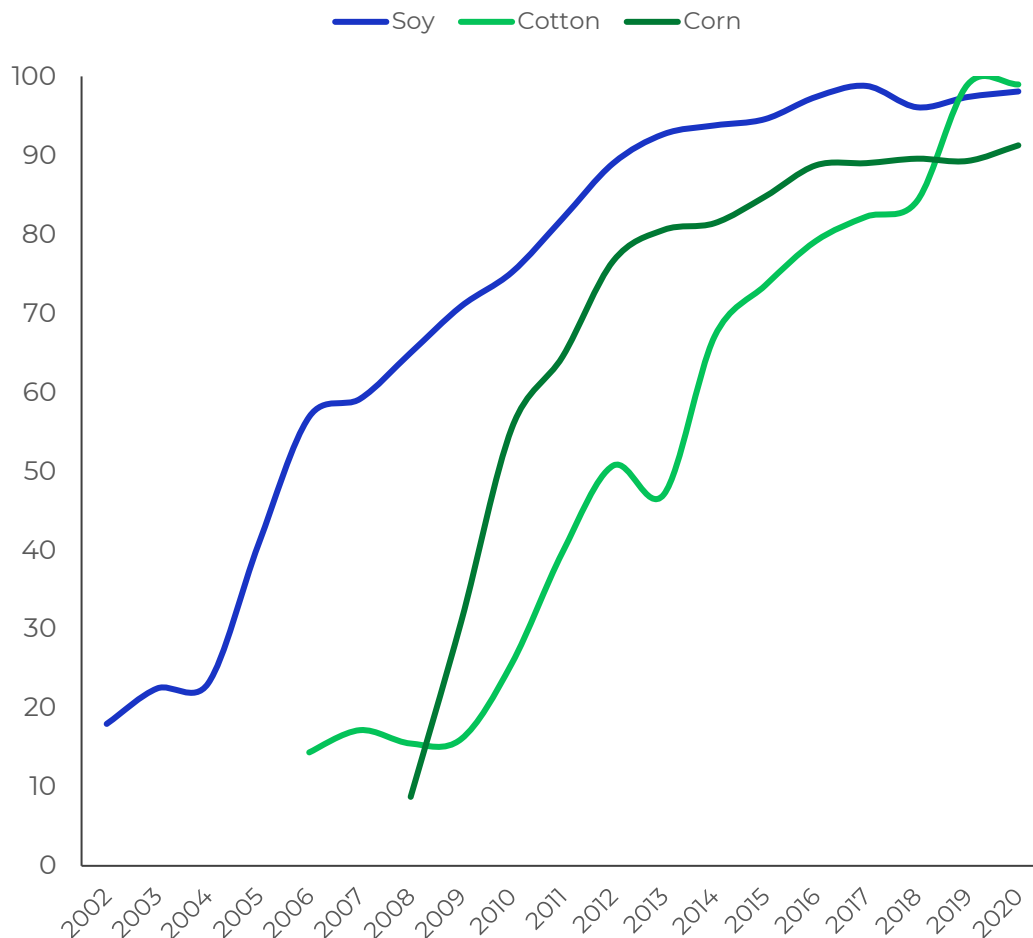


GMO Adoption

We see that plenty others commodities have already adopted GMO

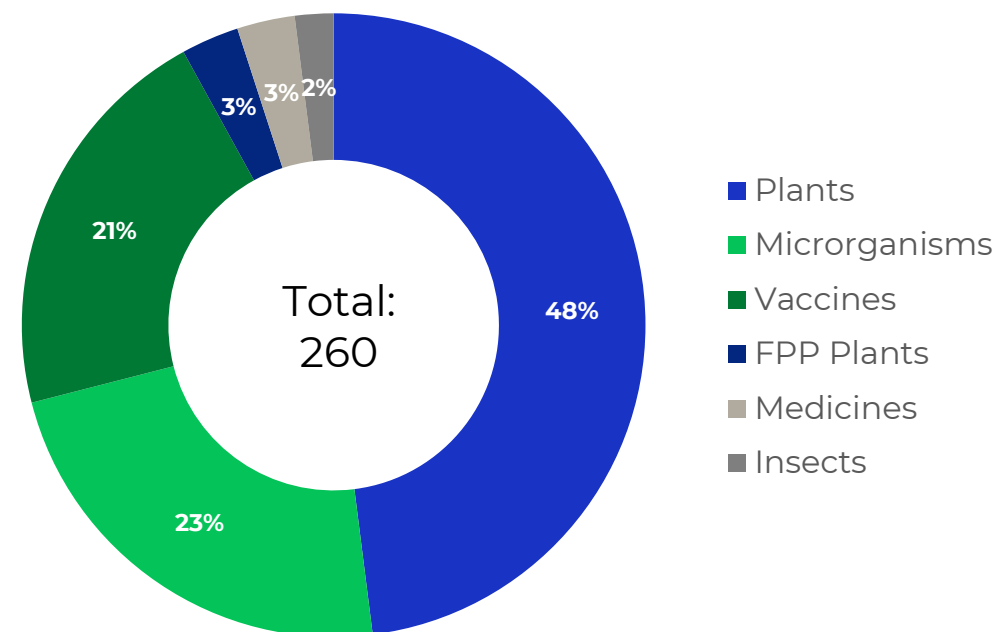
Almost all of Soy, Cotton and Corn are eligible to GMO

Amount of adopted GMO (%)



And we see that plants are the largest approvals

GMO approvals in Brazil as of 2022



Suzano's Brands



The company positions itself in the Pulp & Paper markets through an extensive portfolio of brands



Suzano® is the company's core business, representing more than 80% of the company's entire revenue. It consists of selling market pulp.



Eucafluff® is a brand created by Suzano itself, with the aim of increasing sustainability, as it has a smaller carbon footprint and uses raw materials from renewable sources. It is much softer, intended for pads and diapers.



Neve® Known for being a premium toilet paper brand, Neve was owned by Kimberly Clark until it was acquired by Suzano in 2022. It currently has a market share of 7.2% among toilet paper companies.



Max Pure® It is known to be a low-cost toilet paper. Founded in 2018, it is its brand launched by Suzano and has a market share of 3.6%.



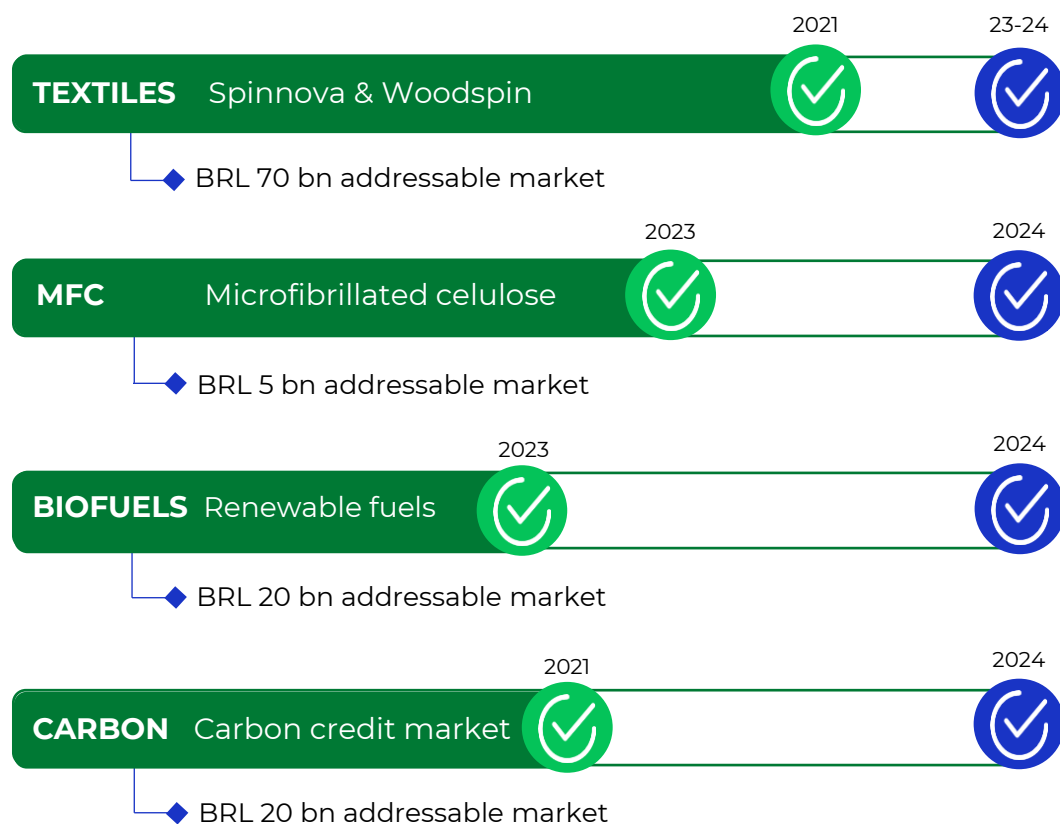
Mimmo® is a toilet paper brand launched by Suzano itself in 2018. Focused on the northeast of Brazil, Mimmo brought the double sheet option and marked Suzano's entry into the tissue segment. It currently has a market share of 2.0% in the toilet paper business.



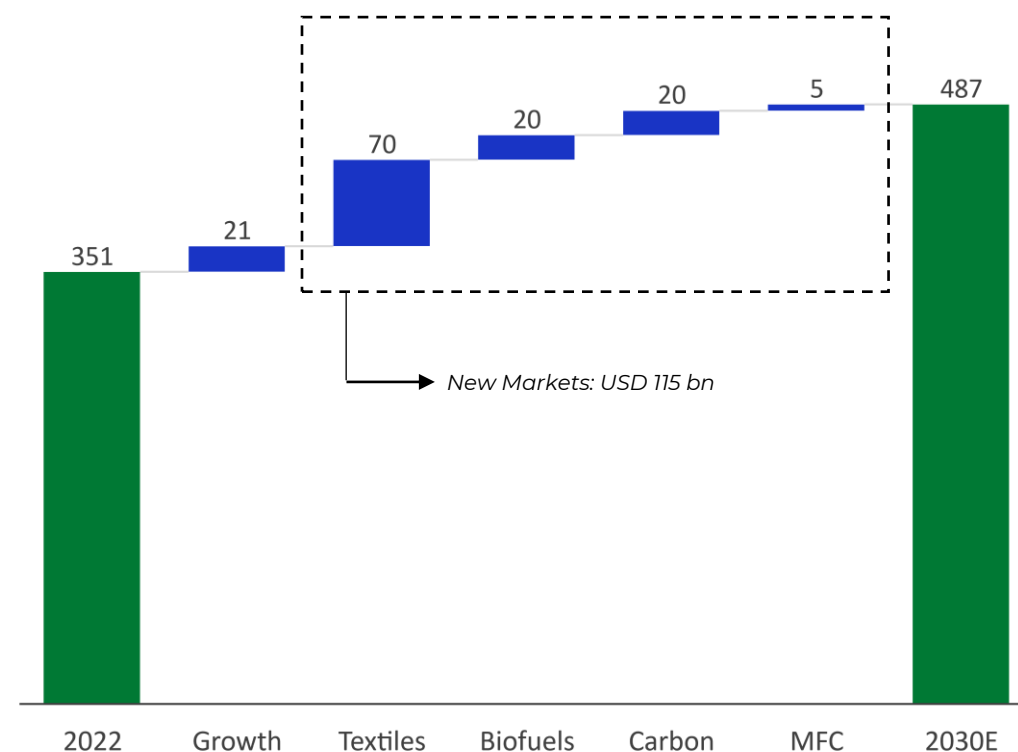
Report® is a Printing & Writing paper brand that has over 30 years of history. It is Suzano's main bet for the P&W segment and is one of the most consolidated within its segment.

Suzano's New Markets

Suzano has an agenda for expansion in new segments, totalizing a BRL 115 bn addressable market

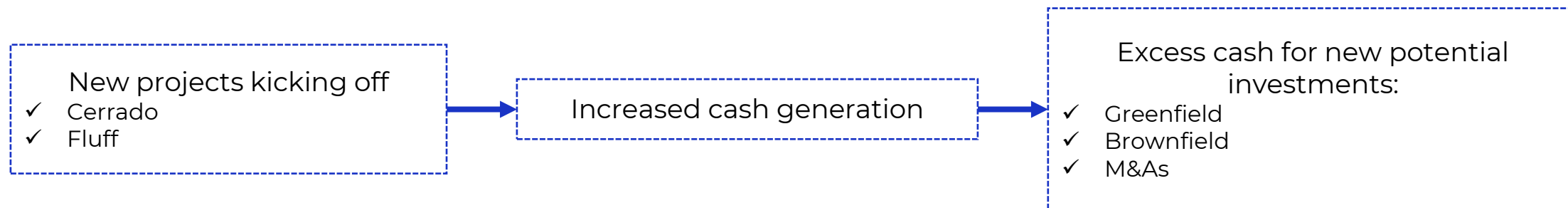


Pulp addressable markets (USD bn)



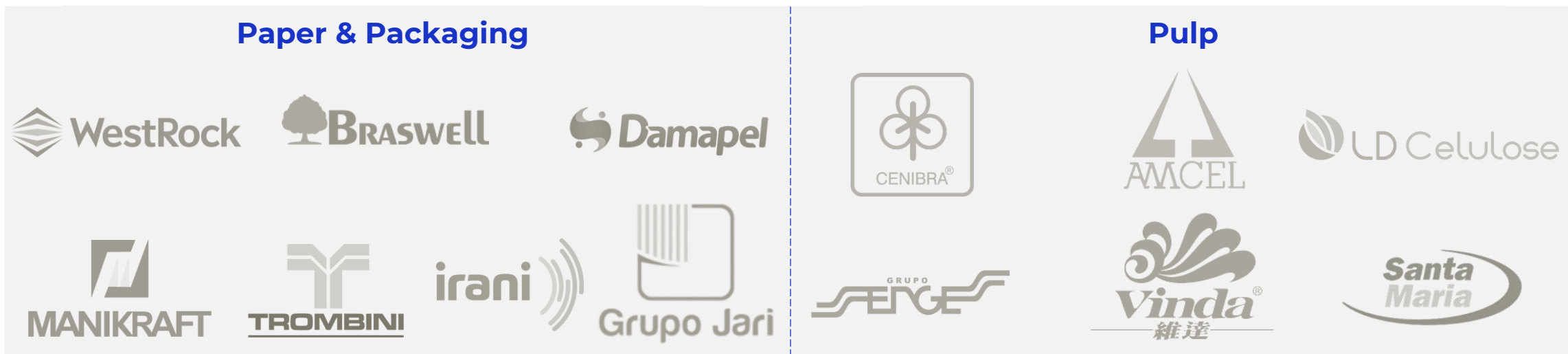
Are There Still M&A Opportunities for Suzano?

Yes, we think so! But not for now



Excellent track record of acquisitions and synergies

We still view these companies as potential M&As:

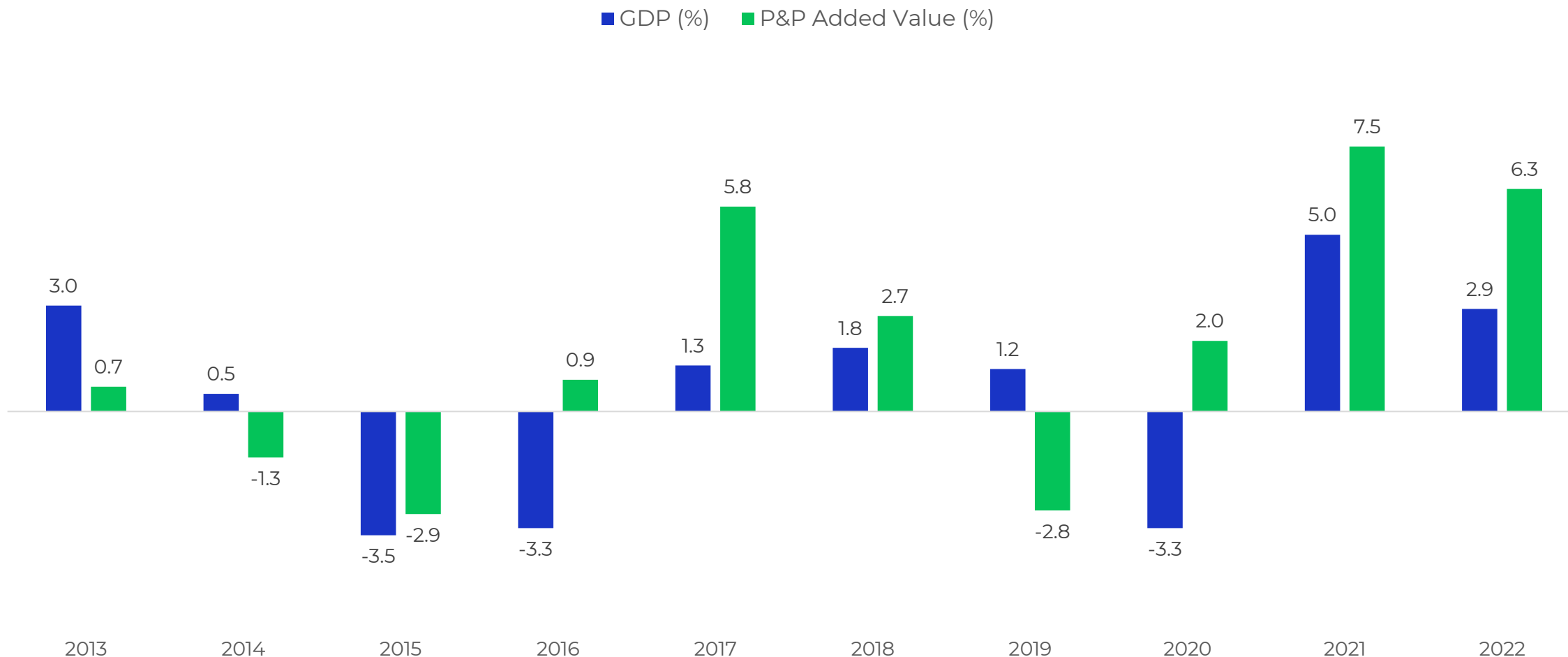


Brazilian GDP vs P&P Added Value

Pulp & Paper industry in Brazil proves to be resilient

The Pulp and Paper industry consistently outpaces the Brazilian GDP in growth and exhibits controlled declines during recessions

Variation in value added, GDP and P&P (in %)

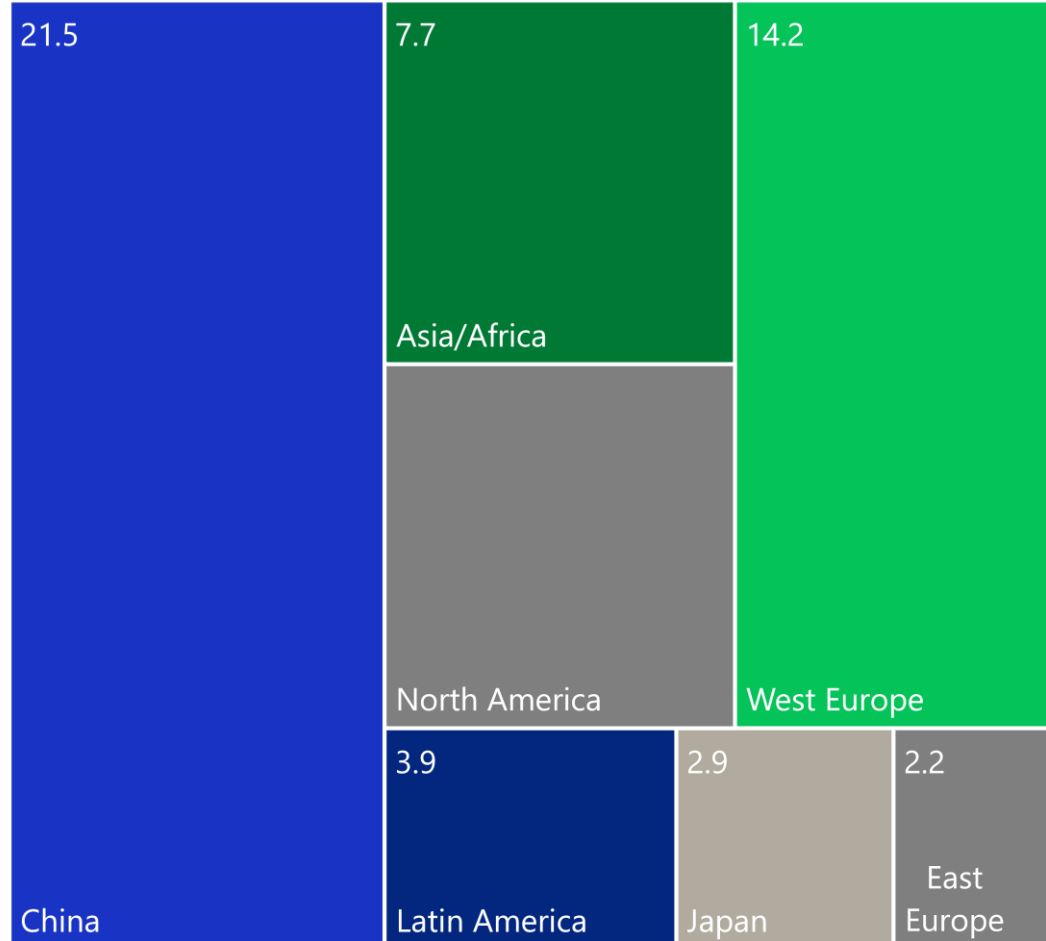


Pulp Data Worldwide

Pulp is one of the most important commodities in the world

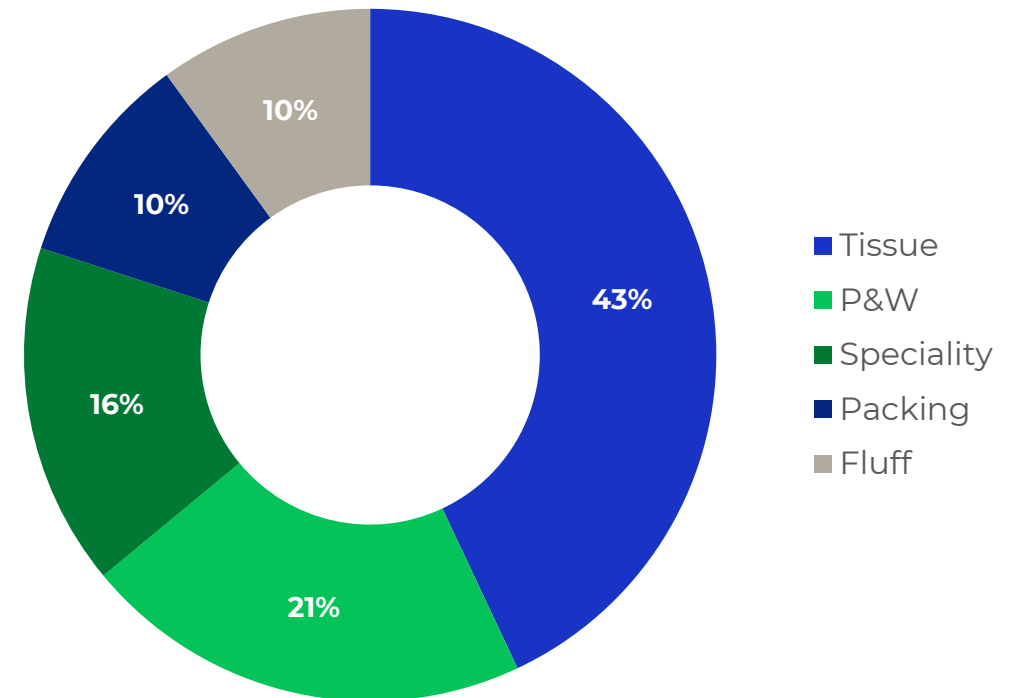
China holds the majority of the Pulp demand...

Market Pulp consumption by region (Mt)



... and Tissue is the biggest end-use for Market Pulp

Market Pulp end-use by type (in %)

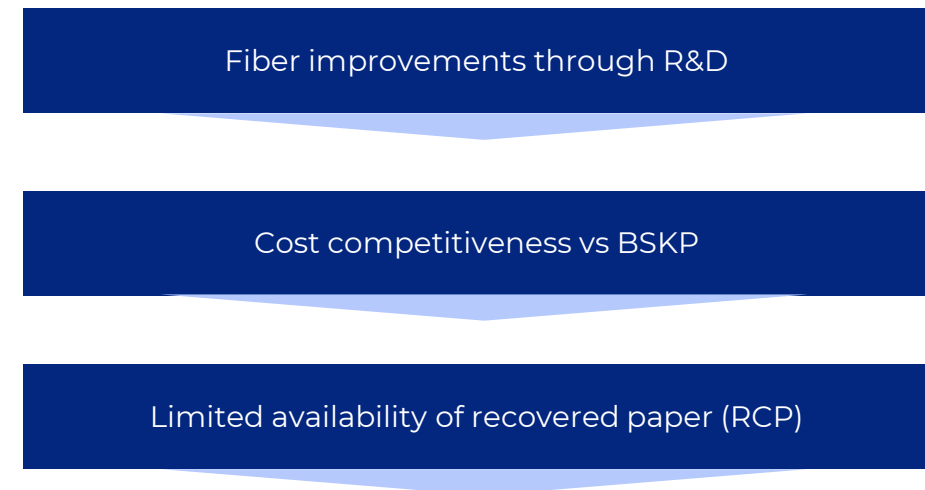
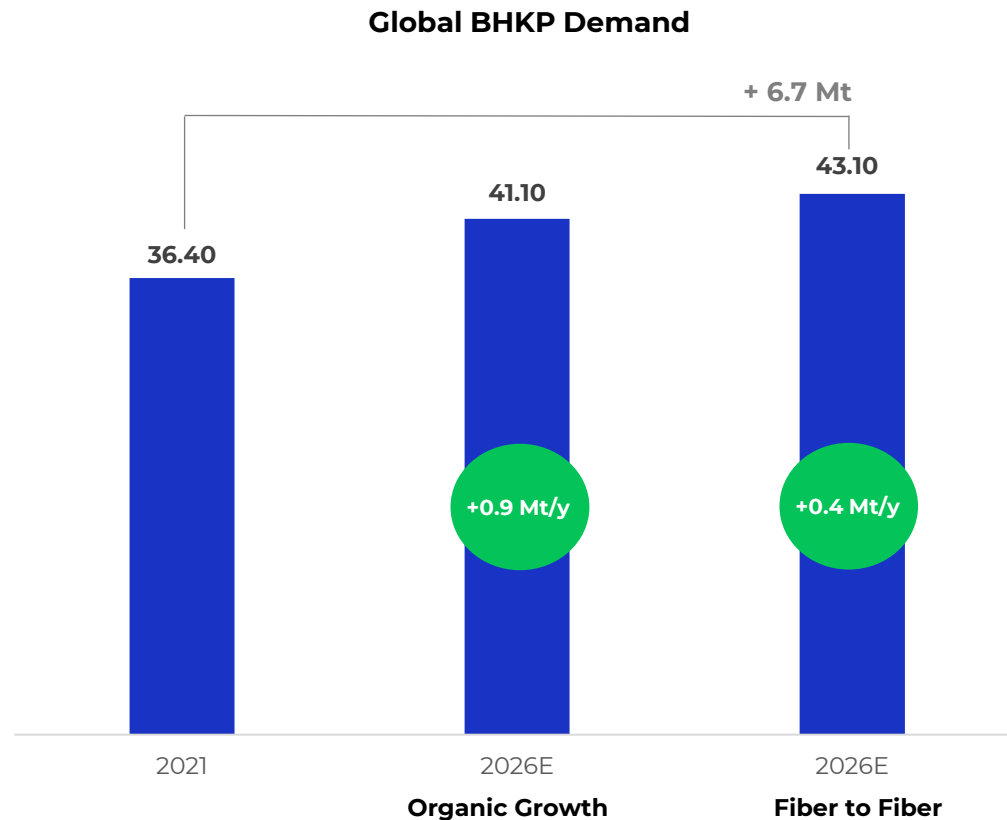


Fiber to Fiber Opportunities

Besides organic growth, there is a substitution movement from BSKP to BHKP

The trend involves short fiber gaining share from long fiber
Estimated addition of + 2 mn metric tn by 2026 from this opportunity

Hardwood insertion is an opportunity for specialized Suzano
Among markets, tissue & cartonboard are the most propitious for transition



New initiatives & innovation

- ◆ For instance, one of the key market players, Klabin, is investing in a new project called Eukaliner, a kraftliner paper made exclusively from **eucalyptus** fiber, aligned with the development of Puma II.

Fiber Furnish

There is also a trend for substitution of recycled paper by BHKP, in paperboard production

Fiber Furnish per Origin (2021)



◆ In terms of total fiber consumption for paperboard production, it is evident that most of its raw materials are derived from **recycled sources**. Nevertheless, this segment has a noticeable trend towards Bleached Hardwood Kraft Pulp (BHKP) substituting recycled paper

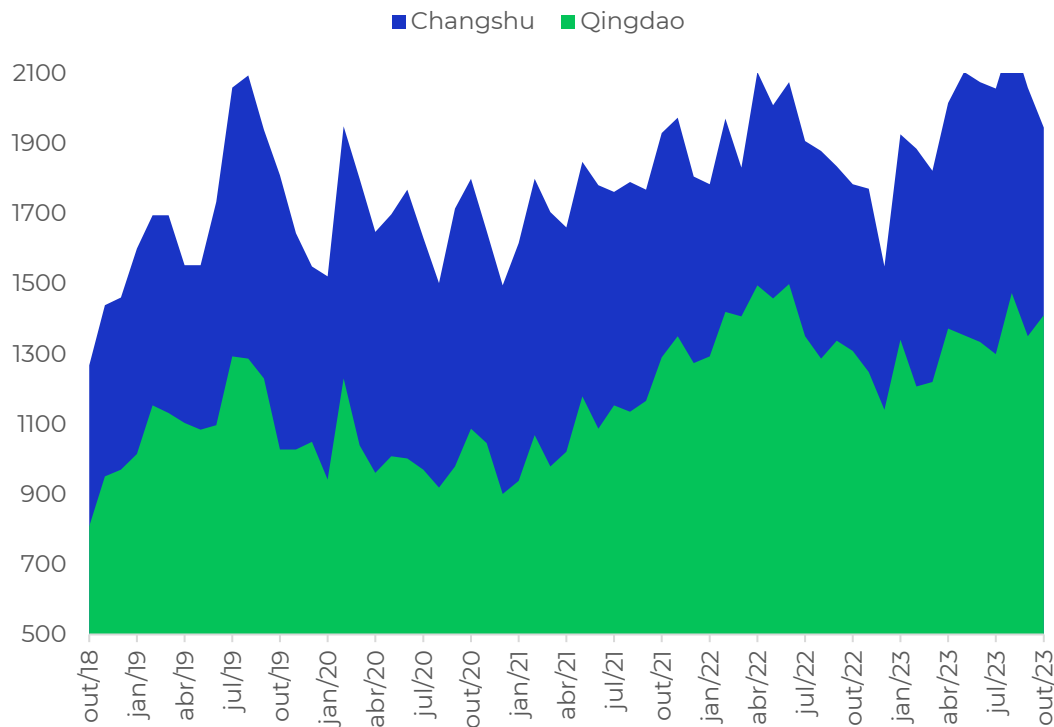
◆ This shift is occurring primarily because Printing and Writing, the primary source of recyclable paper, is experiencing decreased production due to reduced demand caused by **digitalization**

Hardwood Inventories

Decreasing inventories mean that prices should rise again with higher demand

Inventories in China have fallen recently

Pulp Inventories in Chinese Ports ('000)

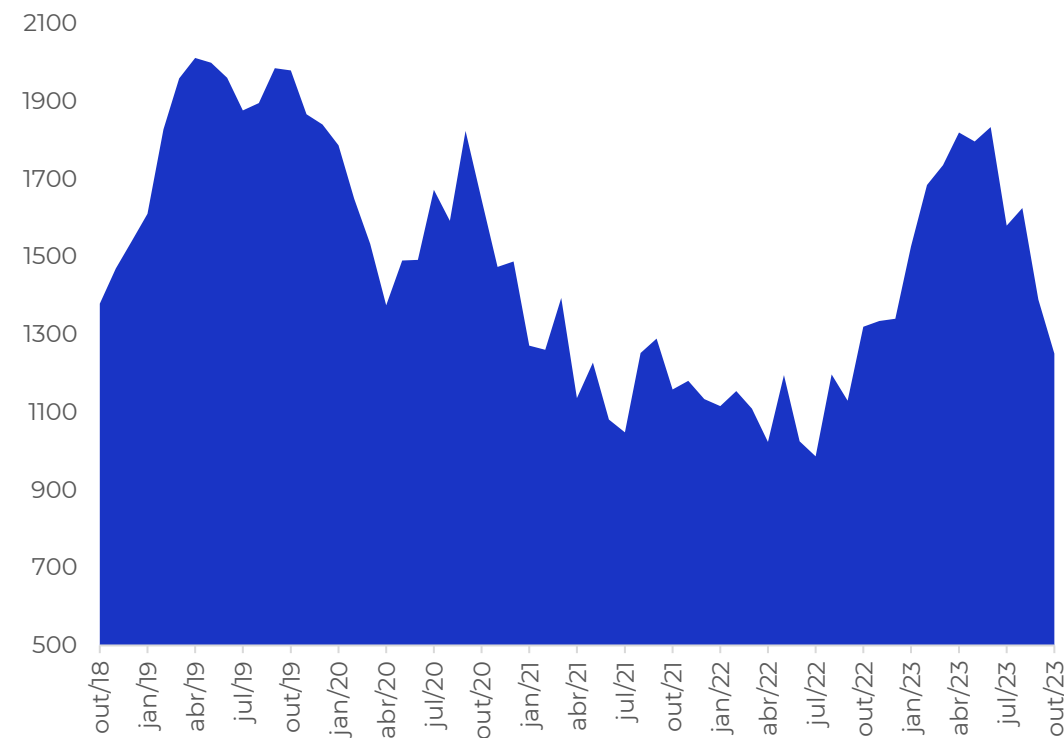


1.

Chinese demand is getting lower due to less demand by paper-integrated players

Inventories in Europe are already on a downward trend

Pulp Inventories in EU Ports ('000)



2.

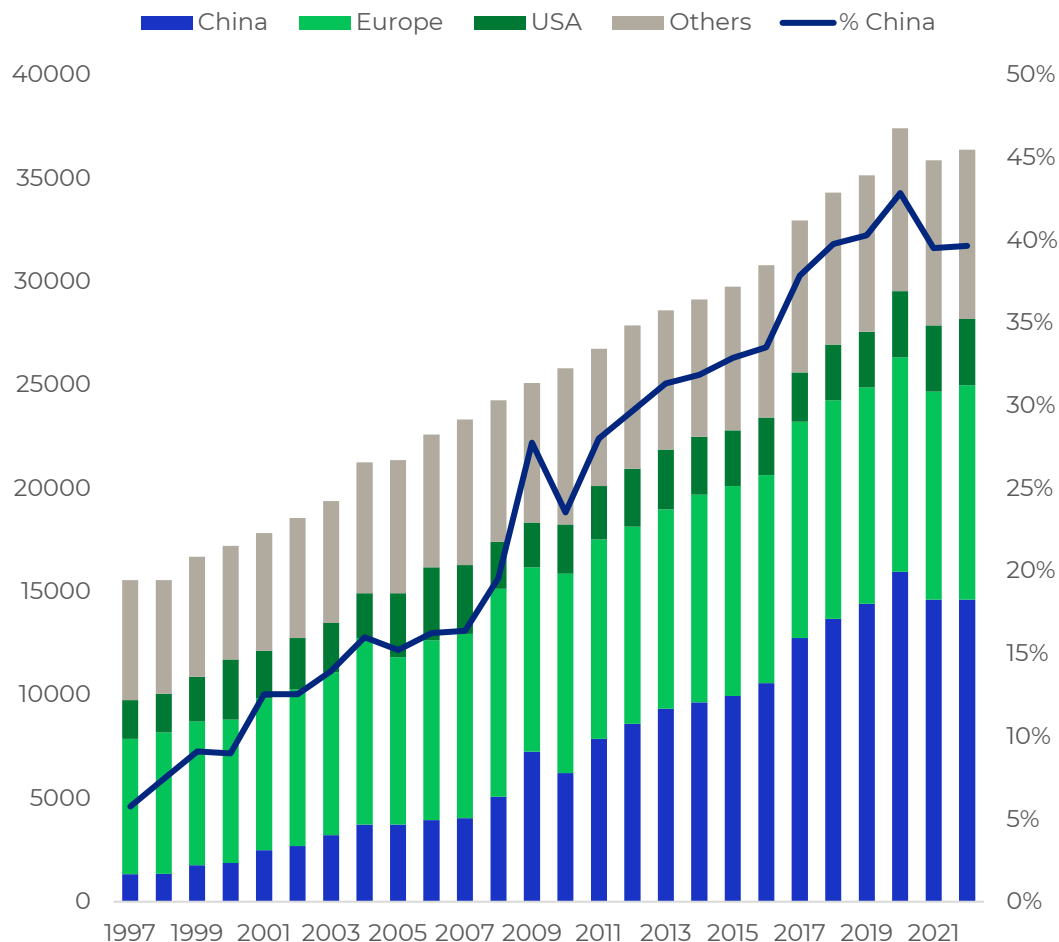
Europe's demand is expected to balance Chinese demand loss from paper-integrated players

Pulp Supply and Demand

China's demand has been increasing throughout the years

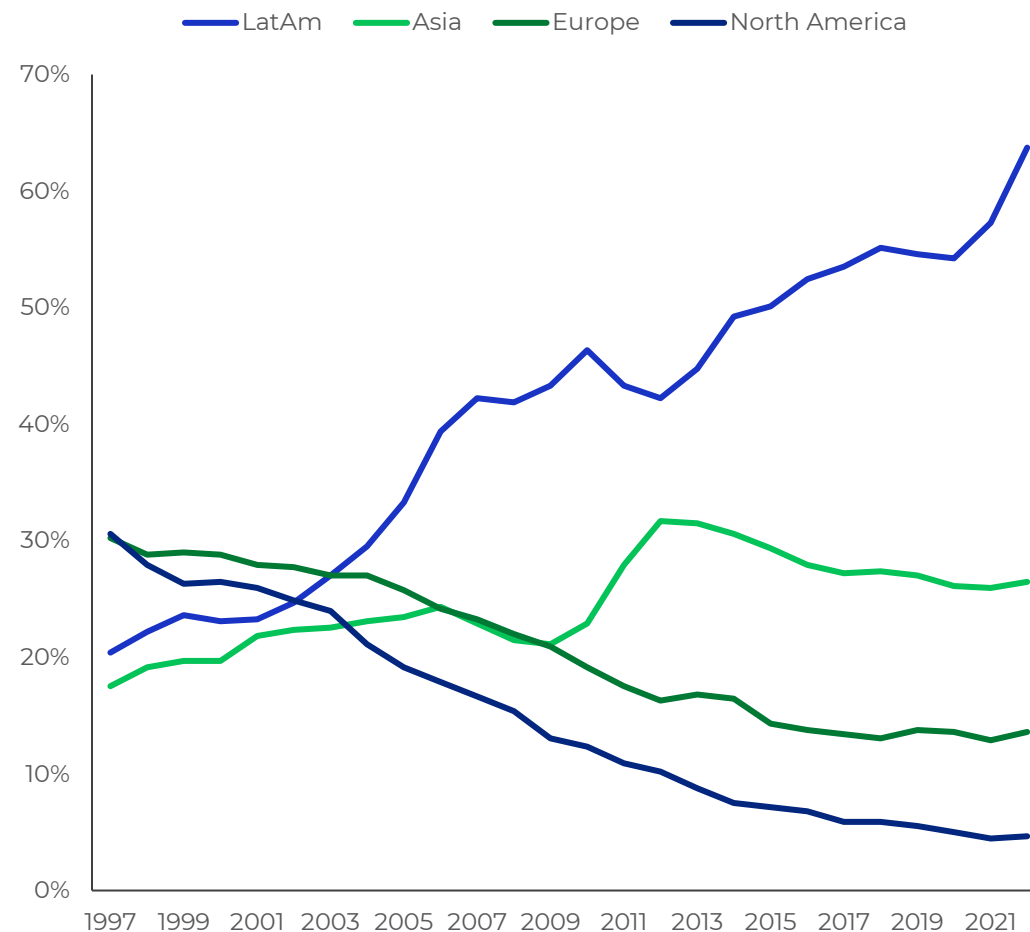
China represents the major world consumer of paper

BHKP demand by region (Ktpa)



LatAm represents the major pulp supplier of China

BHKP Pulp supply by region (%)

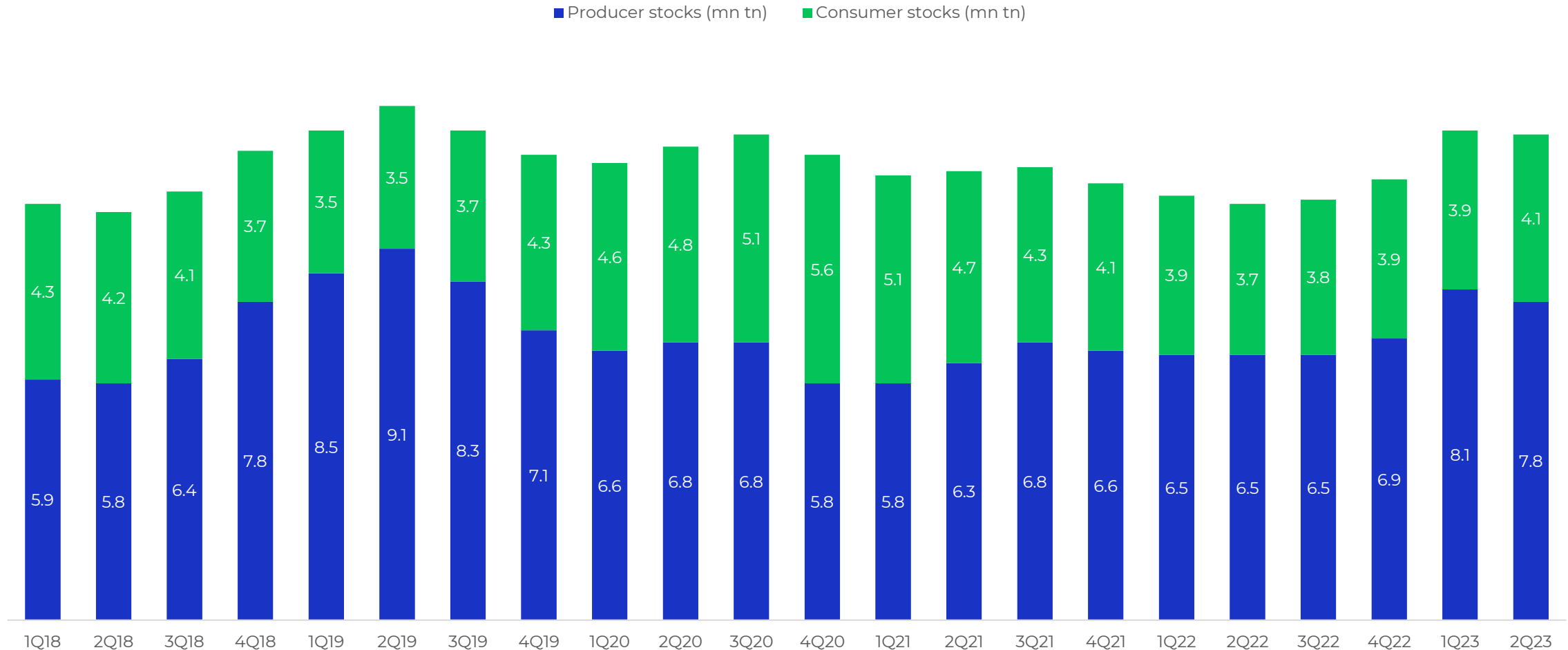


Pulp Inventories

Inventories have risen in the 1H23, but are set to fall due to rise in demand

The Chinese papermills' restocking has been nearly concluded

Short-term normalized Pulp inventories



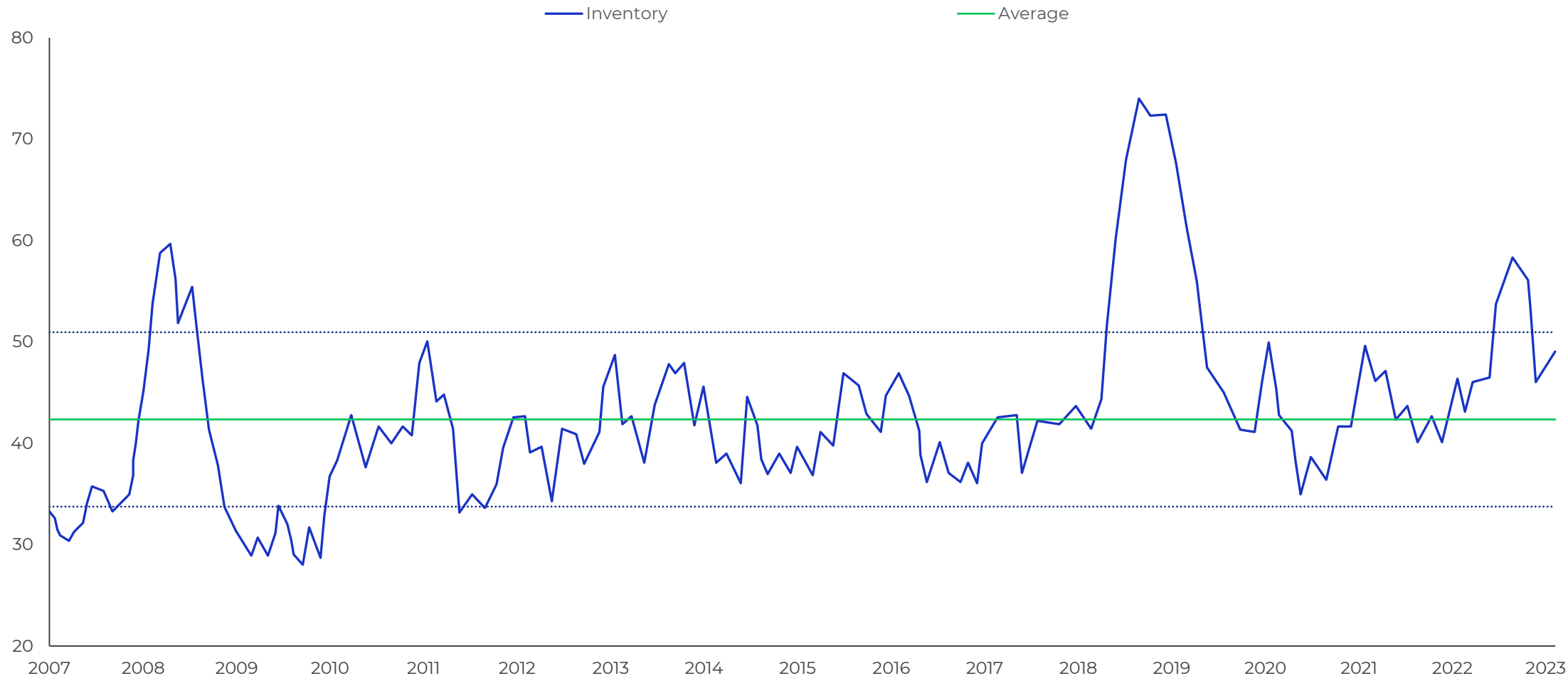
Source: Team 4, Hawkins Wright

Hardwood Inventories

Decreasing stocks mean that prices should rise again with the lower supply

Inventories have fallen in Europe and China, after a huge rise in the 1Q23

Hardwood Inventories (Days)

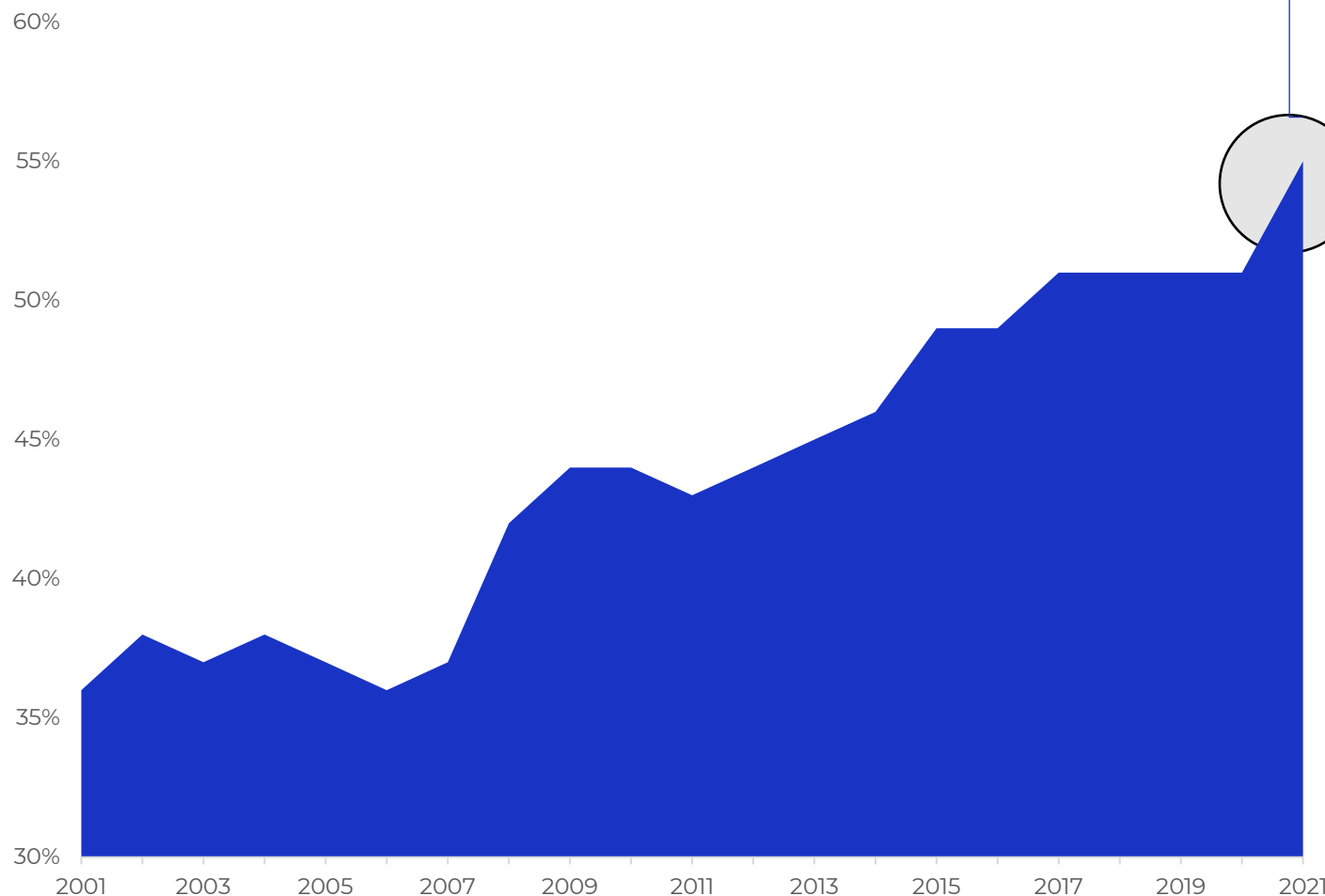


Pulp Industry Dynamics

How do the competitive dynamics of pulp work?

There is a high concentration in the pulp sector

Market Share of Top 10 Pulp Players



High Concentration = + Bargaining Power

Our take on the sector:

1.

Suzano has a large market share, earning a lot of **bargaining power**

2.

There is a **high barrier to entry** for new players in the sector

3.

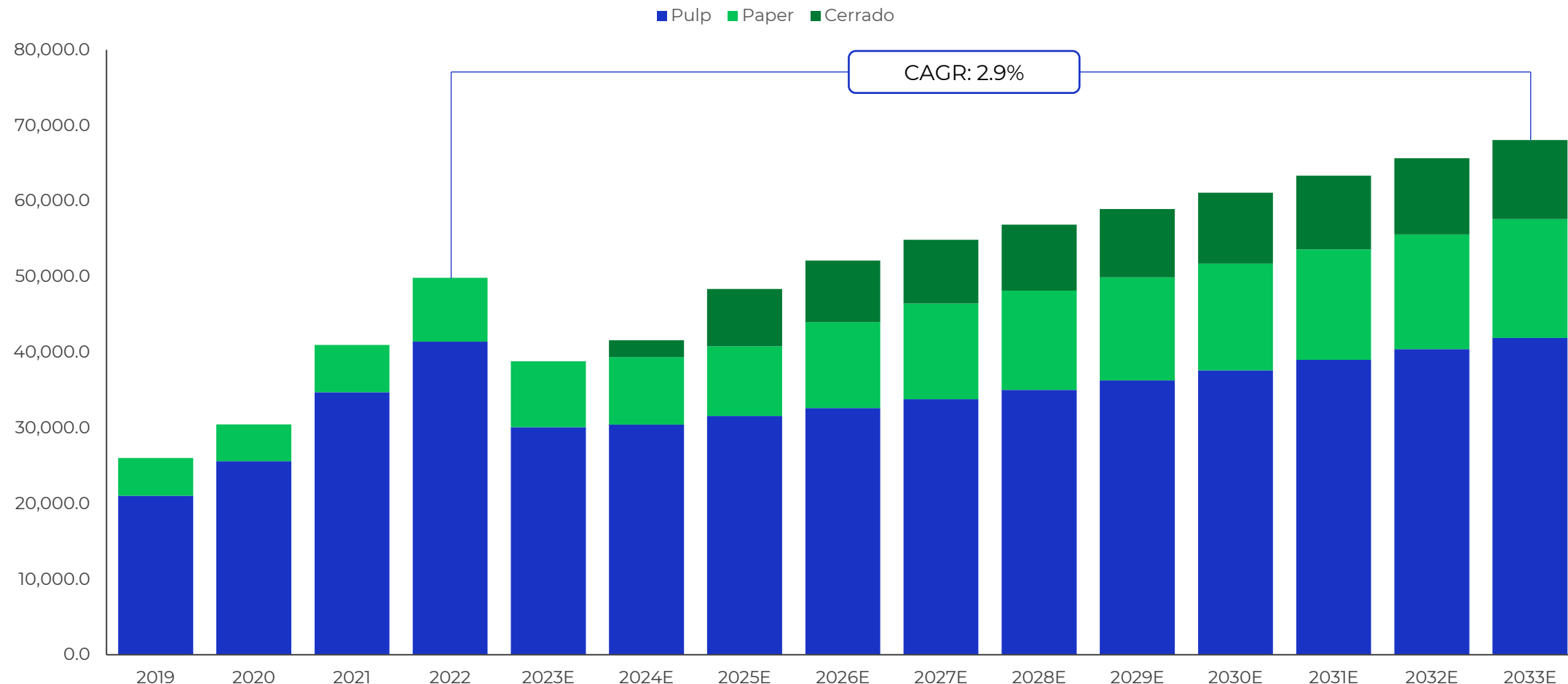
The biggest players show great **economic resilience**, even during crisis

Revenue Projection

We estimate Suzano will have a consistent growth in revenue

We projected a CAGR of 2.9% for 2033, driven by roll out of cerrado and pulp prices normalization

Net Revenue Evolution (in %)



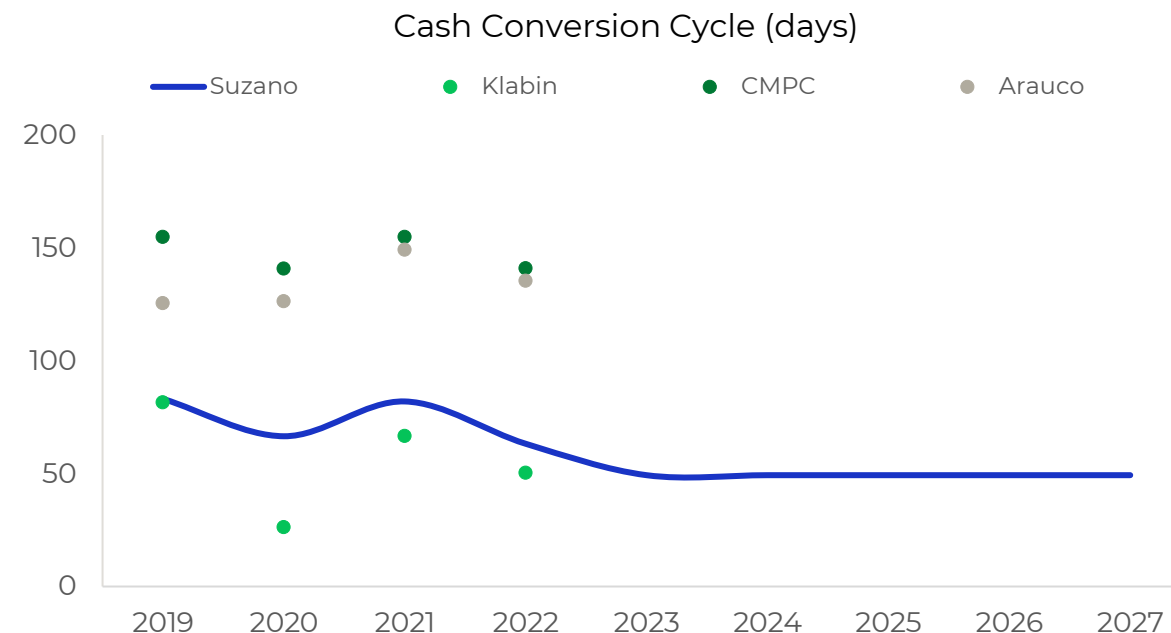
Working Capital

Suzano maintains an attractive working capital dynamic

Suzano maintains a good level of **cash conversion cycle**, just behind Klabin but well ahead of the Chilean companies Arauco and CMPC

Our projection for the company's Cash Conversion Cycle (CCC) in 2027 is aligned with its **current state**. This leads us to retain a certain level of **skepticism** when evaluating any signs of improvement in its Working Capital

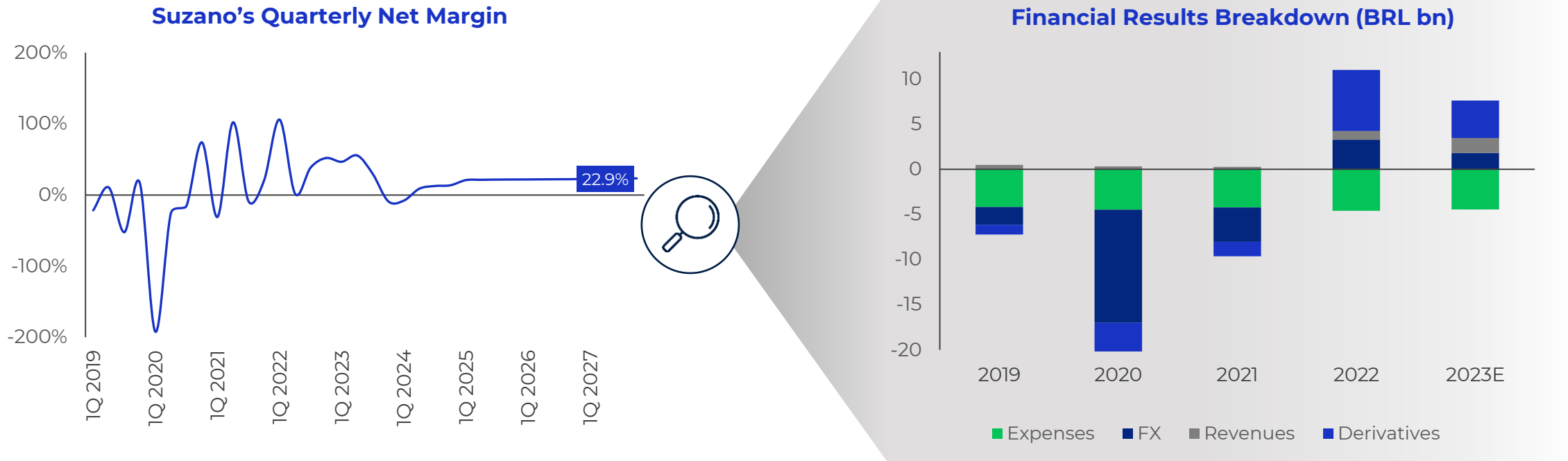
However, it is worth noting that we acknowledge the company's commendable performance in this regard, **surpassing its Chilean peers** by a substantial margin



Suzano	2019	2020	2021	2022	2023	2024	2025	2026	2027
DSO	42	34	58	70	55	55	55	55	55
DIO	82	77	82	84	94	94	94	94	94
DPO	41	45	58	91	85	85	85	85	85
CCC	83	66	82	63	63	63	63	63	63

Net Margin and Financial Result

Suzano experiences significant fluctuations in its net margin over time



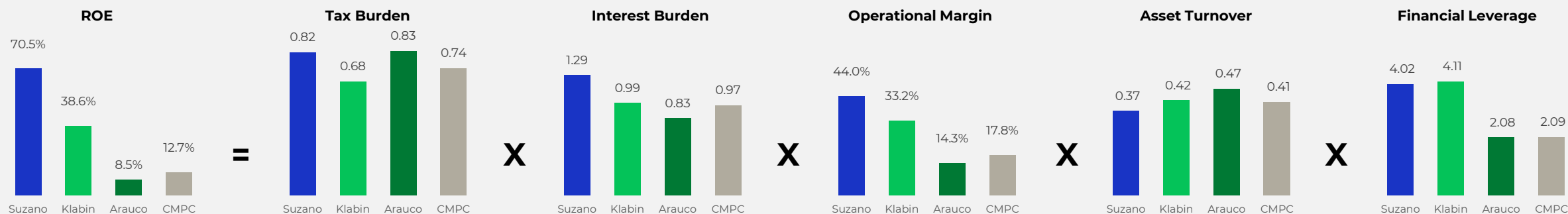
Despite consistently maintaining high operating margins, Suzano experiences significant fluctuations in its net margin over time. These fluctuations can occasionally lead to the company reporting a net loss due to its **financial results** at the end of a given period

To shield themselves against pulp price fluctuations and to mitigate associated risks, Suzano employs intricate financial **hedge strategies**. While these financial instruments are designed to minimize risks, the accounting treatment of these transactions can introduce substantial volatility into the company's net margin

ROE and ROCE

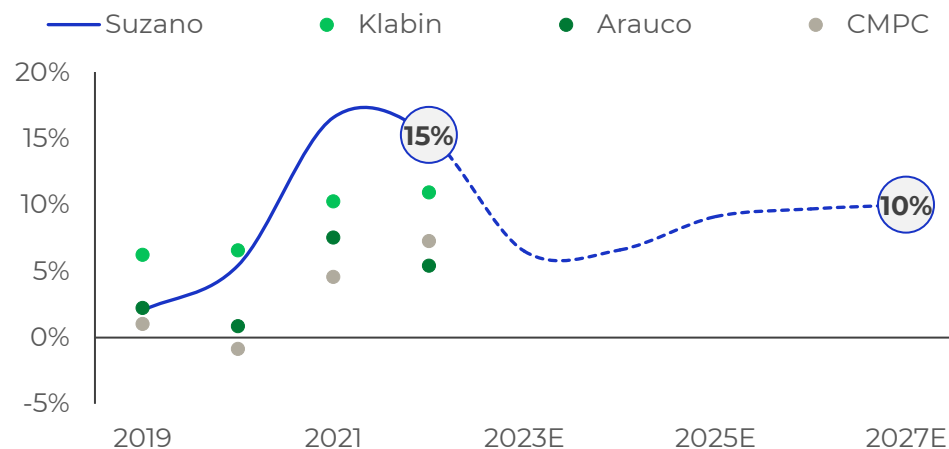
For us, ROCE proves to be a much more precise metric for the industry than the ROE

We carried out a **DuPont Analysis**, which gave a 70% ROE for Suzano. However, ROE is not the best metric, because the Net Income is volatile



Suzano stands with the best ROCE in the industry

ROCE (%)



1.

We calculated as dividing NOPAT for the difference between total asset and current liabilities

2.

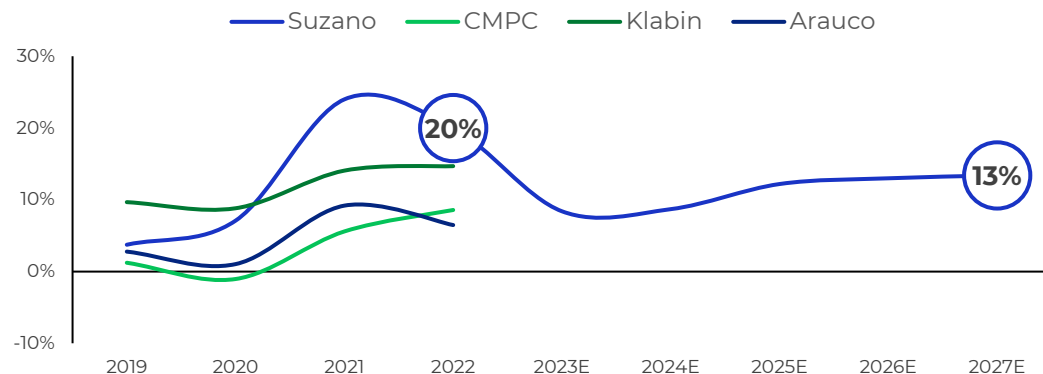
Measures the efficiency of capital employed by measuring the company's ability to generate returns

Return On Invested Capital

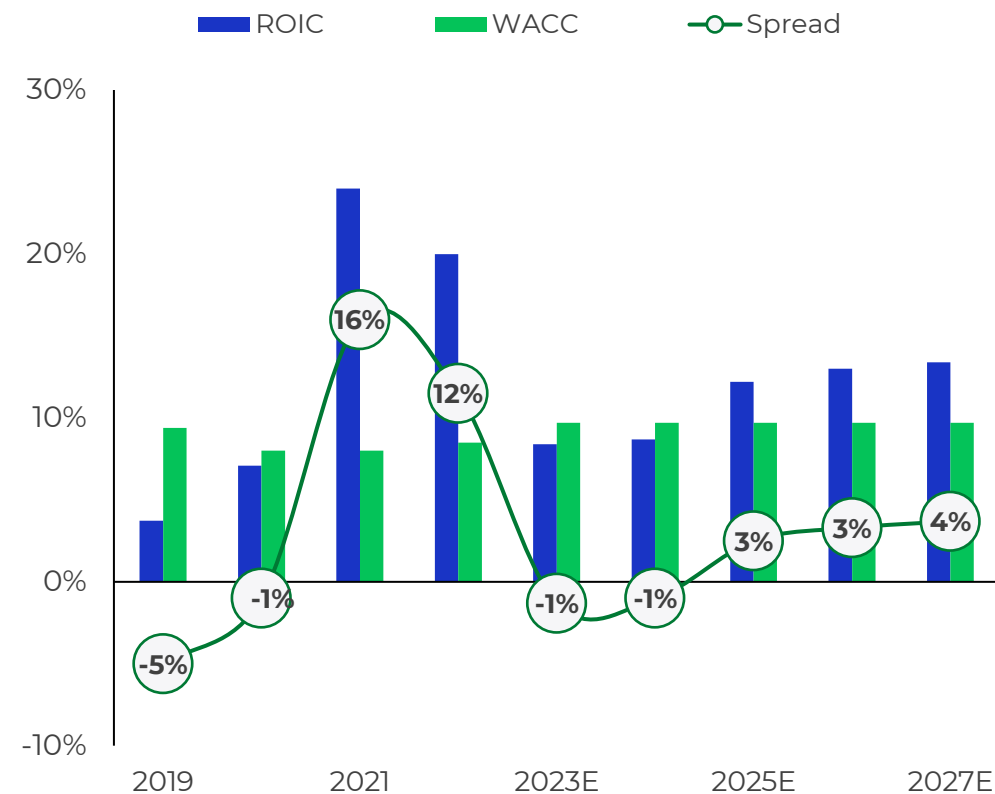
Suzano's ROIC stands out of the best one within the industry

Suzano has a 20% ROIC, surpassing its peers

ROIC (%)



Also, the ROIC surpasses the WACC, genuinely generating value
ROIC vs WACC spread (%).



1.

We calculated the ROIC using NOPAT as a fraction of Invested Capital

2.

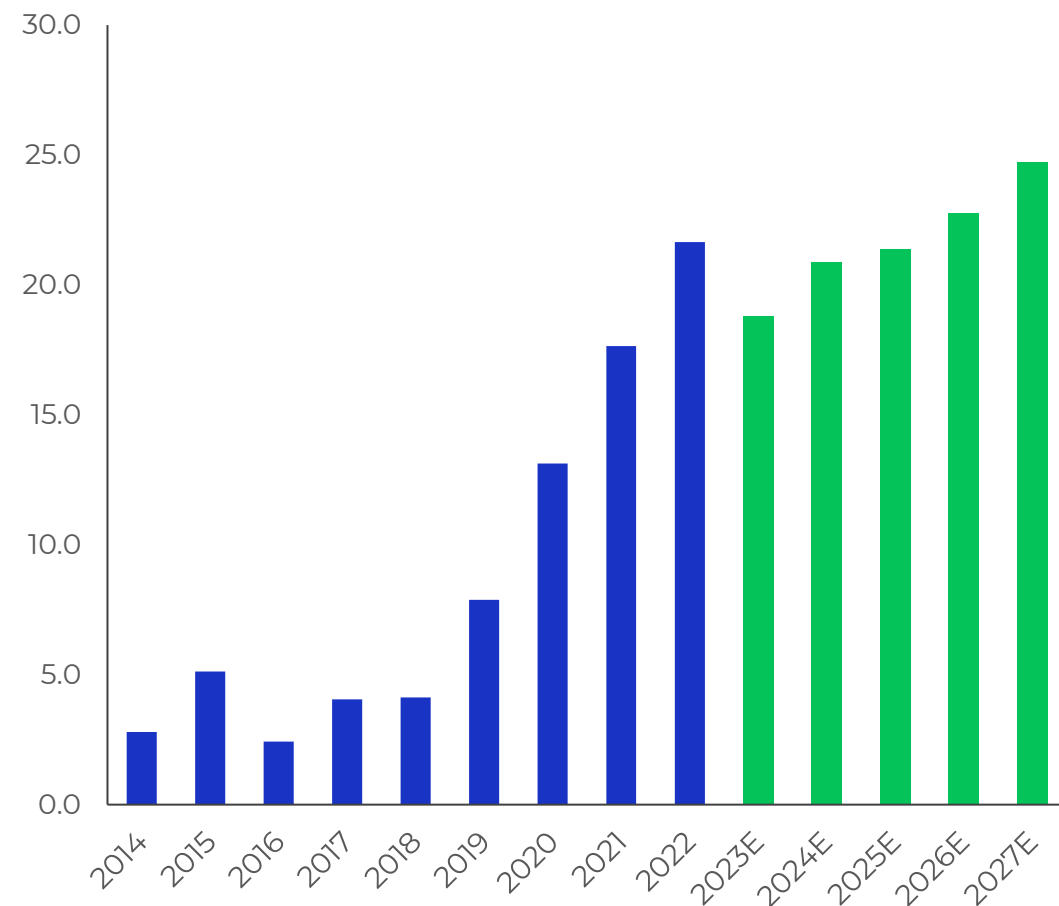
For the **IC**, we calculated through the **liabilities side**

Cash Generation

Suzano excels in cash generation, and is expected to generate even more with Cerrado

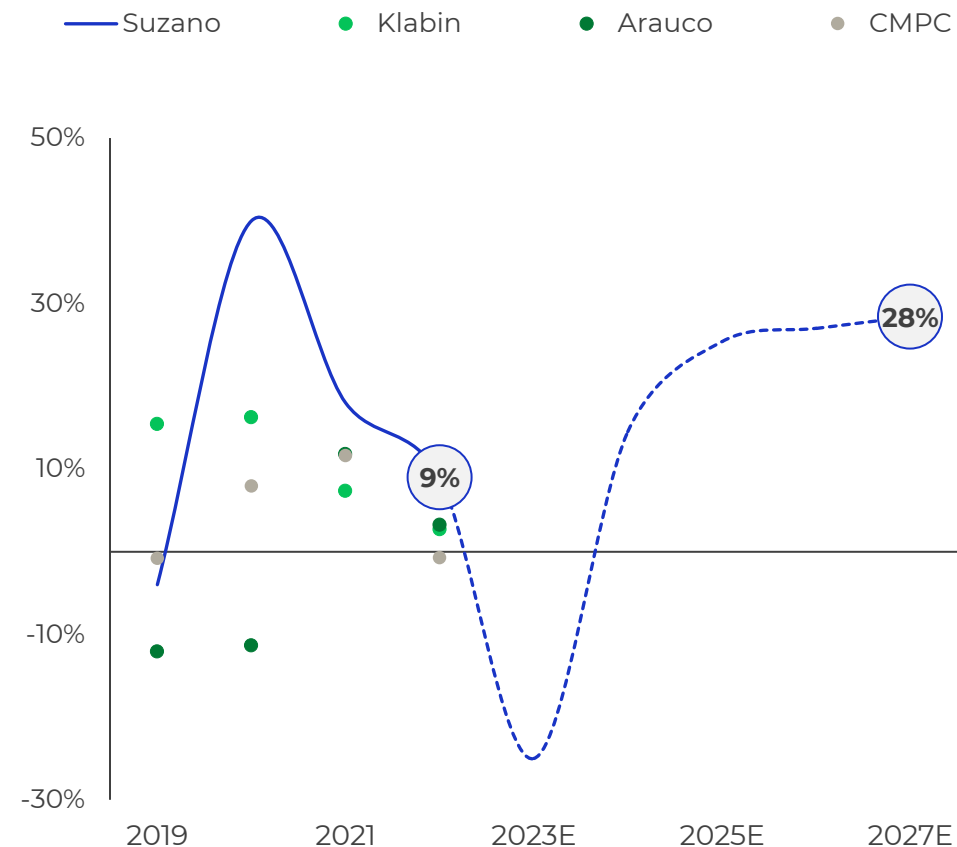
Strong Cash Generation, with further benefits from Cerrado

Cash Flow From Operations (BRL bn)



With an excellent yield, surpassing it peers

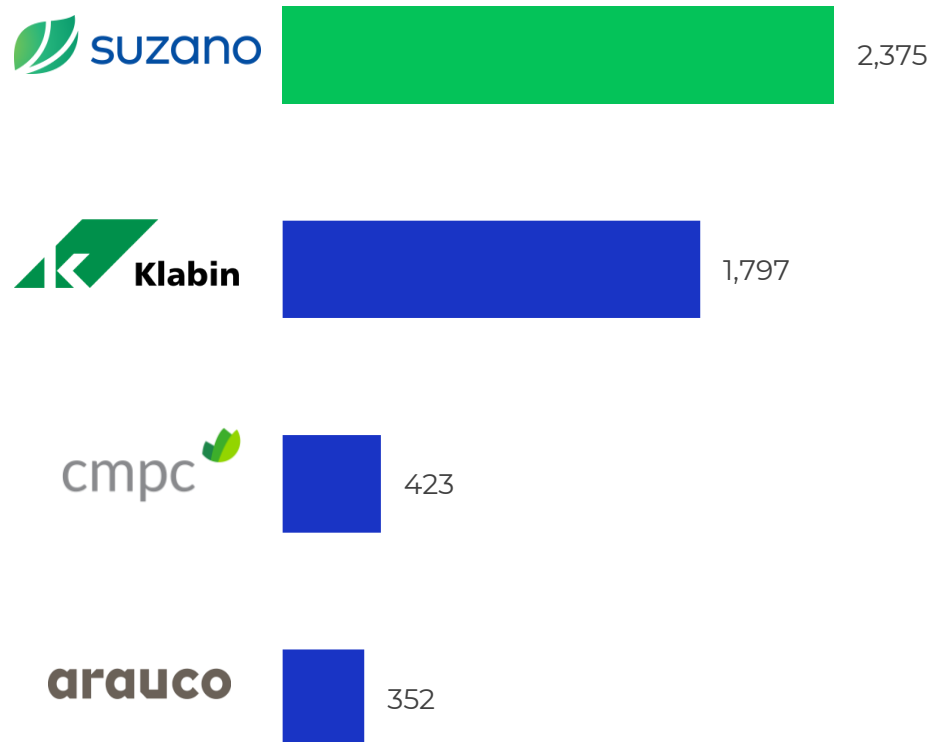
FCF Yield (%)



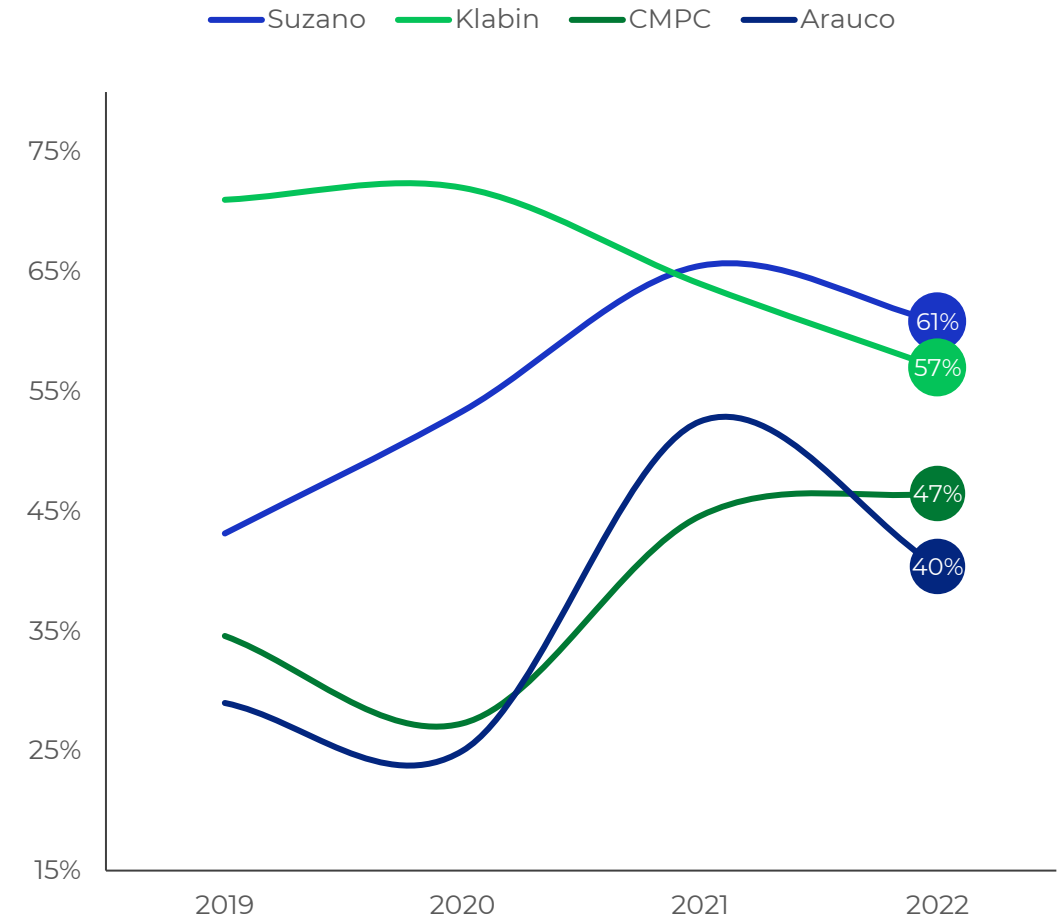
Pulp EBITDA

This is an important measure within the Pulp & Paper industry

Suzano is ahead its peers on generating EBITDA on the Pulp it sells
Pulp EBITDA per ton sold in 2022 (BRL)



And have the highest Pulp EBITDA margin
Pulp EBITDA Margin (%)

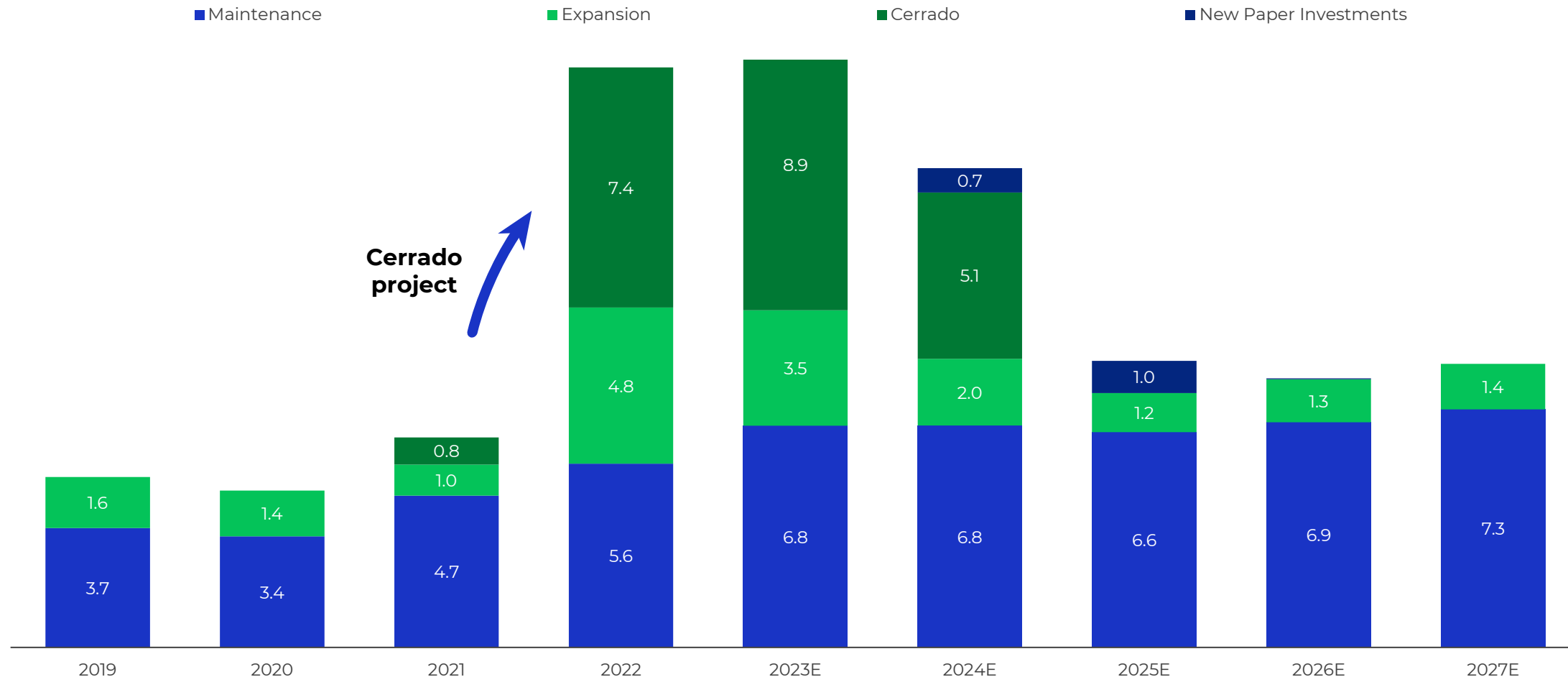


CapEx Projection

Suzano has a significant track record of substantial investments in expansion with high returns

We projected a normalization of Suzano's CapEx post-2025, driven by the amortization of Cerrado and new paper investments

CapEx Breakdown (BRL bn)

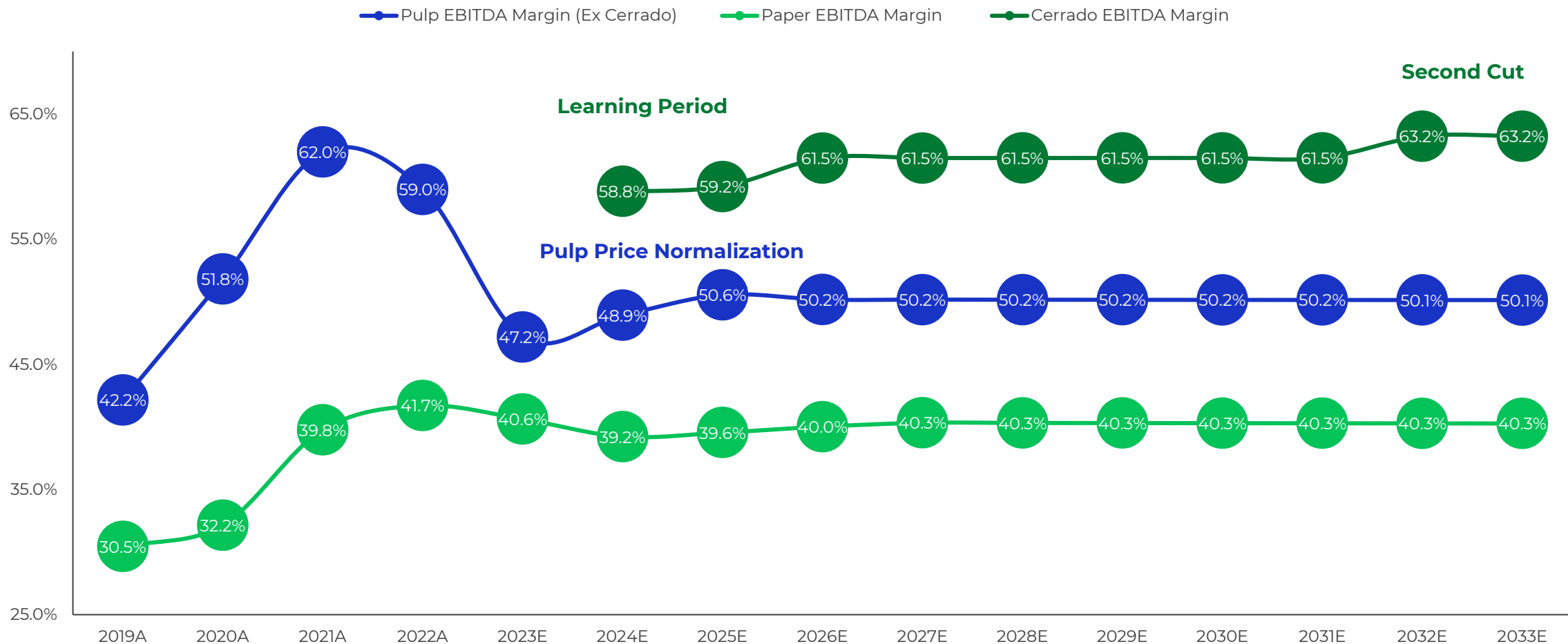


EBITDA Margin Forecast

Our take on Suzano's future margins per segment

Margins projection of Suzano's three business

EBITDA Margins (%)

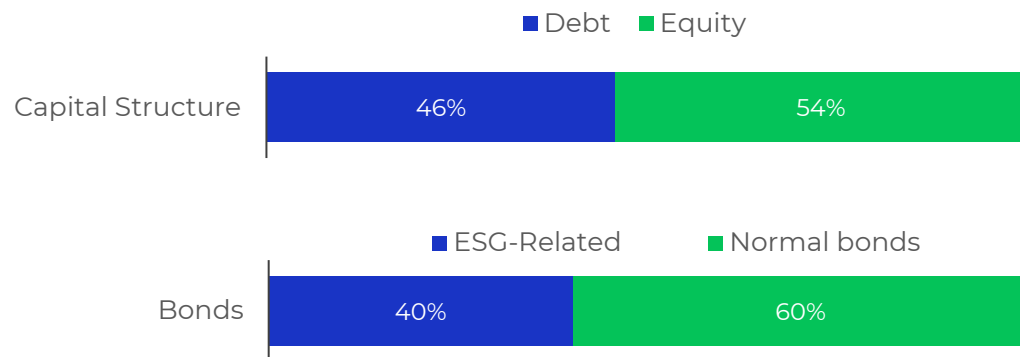


Debt and Capital Structure

We see Suzano in a healthy debt position, surpassing its peers

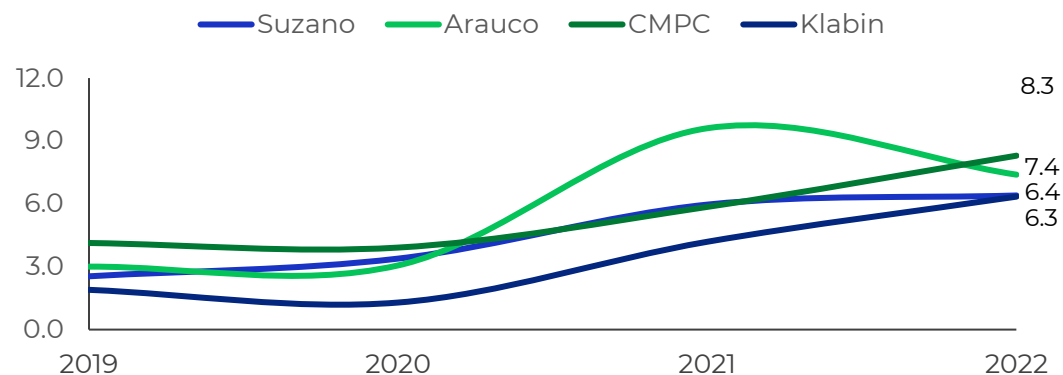
Suzano finances itself more with equity

Suzano's capital structure



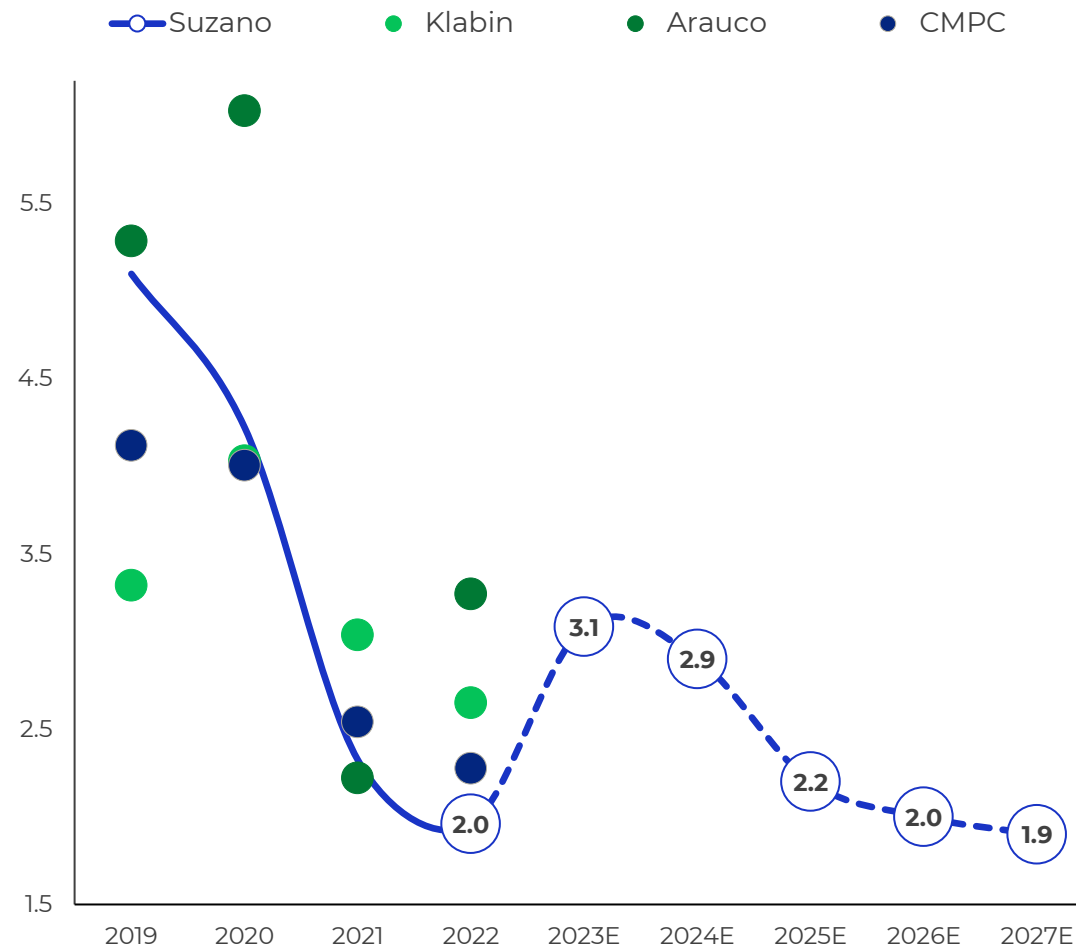
The company has the third best interest coverage

Interest Coverage Ratio



Suzano has the lowest Net Debt / EBITDA among the main peers

Net Debt / EBITDA ratio



USD impact on Suzano's EBITDA

One of the main risks to our thesis is the great appreciation of the BRL against the USD

USD has a big impact on Suzano's EBITDA generation

USD vs EBITDA (BRL mn) sensitivity

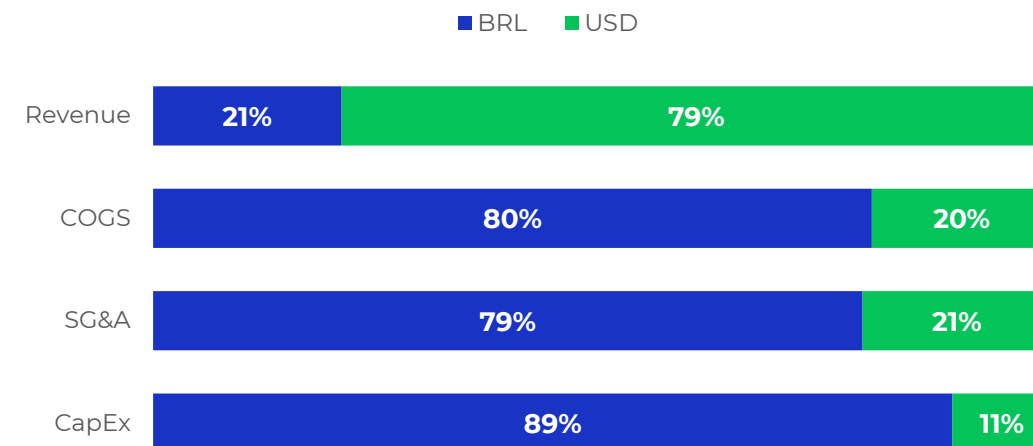
USD	Var. USD	EBITDA	Var. EBITDA
4.1	-20%	16,896	-31.2%
4.4	-15%	18,812	-23.4%
4.6	-10%	20,728	-15.6%
4.9	-5%	22,644	-7.8%
5.2	-	24,559	-
5.4	5%	26,475	7.8%
5.7	10%	28,391	15.6%
6.0	15%	30,307	23.4%
6.2	20%	32,223	31.2%



A 1% variation in the USD affects Suzano's EBITDA by 1.56%

Suzano has the majority of its Revenue in USD

Key financial metrics FX exposure



Our take on Suzano's position

1.

Since commodities are traded on the NYSE, prices are translated into USD, so the **USD** ends up having a **big influence** on companies' results

2.

Despite being dependent on the USD, Suzano has a **currency hedging policy** to take advantage of times when the BRL appreciates against the USD

Income Statement Forecast

Annual Forecast Summary



Income Statement	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue	40,965	49,831	38,939	42,466	49,420	53,387	56,262	58,318	60,448	62,656	64,945	67,317	69,776
COGS (-)	(20,616)	(24,821)	(24,839)	(26,865)	(27,881)	(29,553)	(30,994)	(32,074)	(33,196)	(34,361)	(35,571)	(36,651)	(37,948)
Gross Profit	20,350	25,010	14,099	15,602	21,538	23,834	25,268	26,244	27,252	28,296	29,375	30,667	31,828
SG&A (-)	(2,222)	(3,071)	(2,987)	(3,366)	(3,561)	(3,929)	(4,180)	(4,333)	(4,491)	(4,655)	(4,825)	(5,002)	(5,184)
EBIT	18,128	21,938	11,112	12,235	17,977	19,905	21,088	21,911	22,761	23,640	24,549	25,665	26,644
Financial Result (-)	(9,347)	6,433	3,166	(4,467)	(2,554)	(2,316)	(2,326)	(2,249)	(2,197)	(2,197)	(2,204)	(2,207)	(2,209)
EBT	8,781	28,371	14,278	7,769	15,423	17,589	18,761	19,662	20,564	21,443	22,345	23,458	24,435
Tax (-)	(146)	(4,976)	(3,354)	(1,879)	(3,856)	(4,397)	(4,690)	(4,915)	(5,141)	(5,361)	(5,586)	(5,864)	(6,109)
Net Income	8,636	23,395	10,924	5,890	11,567	13,192	14,071	14,746	15,423	16,082	16,759	17,593	18,326
Adj. EPS	6.4	17.9	8.5	4.6	9.2	10.7	11.7	12.6	13.5	14.5	15.5	16.7	17.8
EBITDA	25,166	29,365	18,872	20,104	24,559	26,476	27,850	28,863	29,914	31,003	32,132	33,479	34,699

Source: Team 4

Balance Sheet Forecast

Annual Forecast Summary

Balance Sheet	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash & ST Investments	21,099	17,053	20,528	22,379	26,781	28,081	29,558	31,061	32,076	32,785	33,589	34,569	35,630
Accounts Receivable	6,531	9,607	5,918	6,455	7,511	8,114	8,551	8,864	9,188	9,523	9,871	10,232	10,605
Inventories	4,637	5,728	6,412	6,935	7,198	7,629	8,001	8,280	8,570	8,871	9,183	9,462	9,797
Other Current Assets	1,835	4,735	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624	4,624
Current Assets	34,103	37,123	37,483	40,393	46,115	48,450	50,735	52,829	54,458	55,804	57,267	58,887	60,657
Biological assets	12,249	14,632	18,187	20,578	22,013	23,373	24,790	26,259	27,782	29,360	30,996	32,691	34,449
PP&E	38,170	50,657	59,815	64,982	66,523	67,717	69,047	70,488	72,040	73,704	75,481	77,373	79,380
LT investments	17,780	18,050	17,511	17,511	17,511	17,511	17,511	17,511	17,511	17,511	17,511	17,511	17,511
Other Noncurrent Assets	16,673	12,737	10,778	10,857	11,045	11,280	11,534	11,793	12,056	12,324	12,598	12,880	13,168
Total Assets	118,975	133,198	143,775	154,321	163,207	168,330	173,618	178,881	183,847	188,703	193,854	199,342	205,165
Short-Term Borrowings	3,656	3,335	4,614	4,692	4,717	4,742	4,770	4,799	4,828	4,858	4,887	4,917	4,947
Payables	4,219	7,330	7,004	7,543	7,813	8,258	8,641	8,928	9,227	9,536	9,858	10,145	10,490
Other ST Liabilities	3,677	3,827	1,884	1,895	1,895	1,888	1,875	1,857	1,834	1,803	1,765	1,719	1,663
Current Liabilities	11,551	14,493	13,502	14,130	14,425	14,888	15,287	15,585	15,889	16,197	16,511	16,781	17,100
LT Debt	75,973	71,240	73,848	75,101	75,496	75,893	76,353	76,817	77,283	77,752	78,224	78,698	79,176
Other LT Liabilities	16,276	14,299	13,214	15,990	16,150	15,592	15,625	15,668	15,669	15,624	15,525	15,364	15,134
Total Liabilities	103,800	100,032	100,565	105,221	106,071	106,372	107,265	108,069	108,841	109,573	110,259	110,844	111,411
Shareholder's Equity	15,075	33,061	43,097	48,987	57,023	61,845	66,240	70,698	74,894	79,017	83,482	88,385	93,641
Minority Interests	100	105	113	113	113	113	113	113	113	113	113	113	113
Total Liabilities & Equity	118,975	133,198	143,775	154,321	163,207	168,330	173,618	178,881	183,847	188,703	193,854	199,342	205,165

Cash Flow Forecast

Annual Forecast Summary



Cash Flow Statement	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cash from Operating Activities	17,644	21,647	18,784	20,878	21,367	22,776	24,715	25,761	26,636	27,497	28,378	29,420	30,365
Depreciation Depletion Amortization	7,038	7,427	7,759	7,869	6,582	6,571	6,762	6,953	7,153	7,363	7,583	7,814	8,055
Changes in Working Capital	(3,219)	(1,165)	2,728	(521)	(1,049)	(590)	(426)	(304)	(315)	(327)	(339)	(352)	(364)
Cash from Investing Activities	(10,359)	(17,016)	(28,520)	(14,723)	(8,837)	(8,377)	(8,729)	(9,048)	(9,378)	(9,720)	(10,075)	(10,443)	(10,824)
Additions to PP&E	(2,151)	(9,791)	(11,719)	(8,607)	(5,166)	(4,897)	(5,103)	(5,289)	(5,482)	(5,682)	(5,890)	(6,104)	(6,327)
Additions to Biological Assets	(2,849)	(3,392)	(3,808)	(4,957)	(6,389)	(6,117)	(3,671)	(3,480)	(3,627)	(3,759)	(3,896)	(4,038)	(4,186)
Cash from Financing Activities	(1,574)	(8,107)	2,551	(4,304)	(8,127)	(13,099)	(14,509)	(15,210)	(16,242)	(17,067)	(17,500)	(17,997)	(18,480)
Dividends Paid	(10)	(4,151)	(2)	-	(1,531)	(6,370)	(6,876)	(7,288)	(7,628)	(7,958)	(8,294)	(8,691)	(9,070)
Shared Issued (Repurchased)	-	(1,904)	(881)	-	(2,000)	(2,000)	(2,800)	(3,000)	(3,600)	(4,000)	(4,000)	(4,000)	(4,000)
Net Debt Issued (Repaid)	510	(2,226)	4,496	(4,304)	(4,596)	(4,729)	(4,834)	(4,922)	(5,014)	(5,109)	(5,206)	(5,306)	(5,410)
Net Change in Cash	12,052	(4,046)	3,475	1,851	4,403	1,300	1,476	1,503	1,016	709	803	980	1,061

Source: Team 4

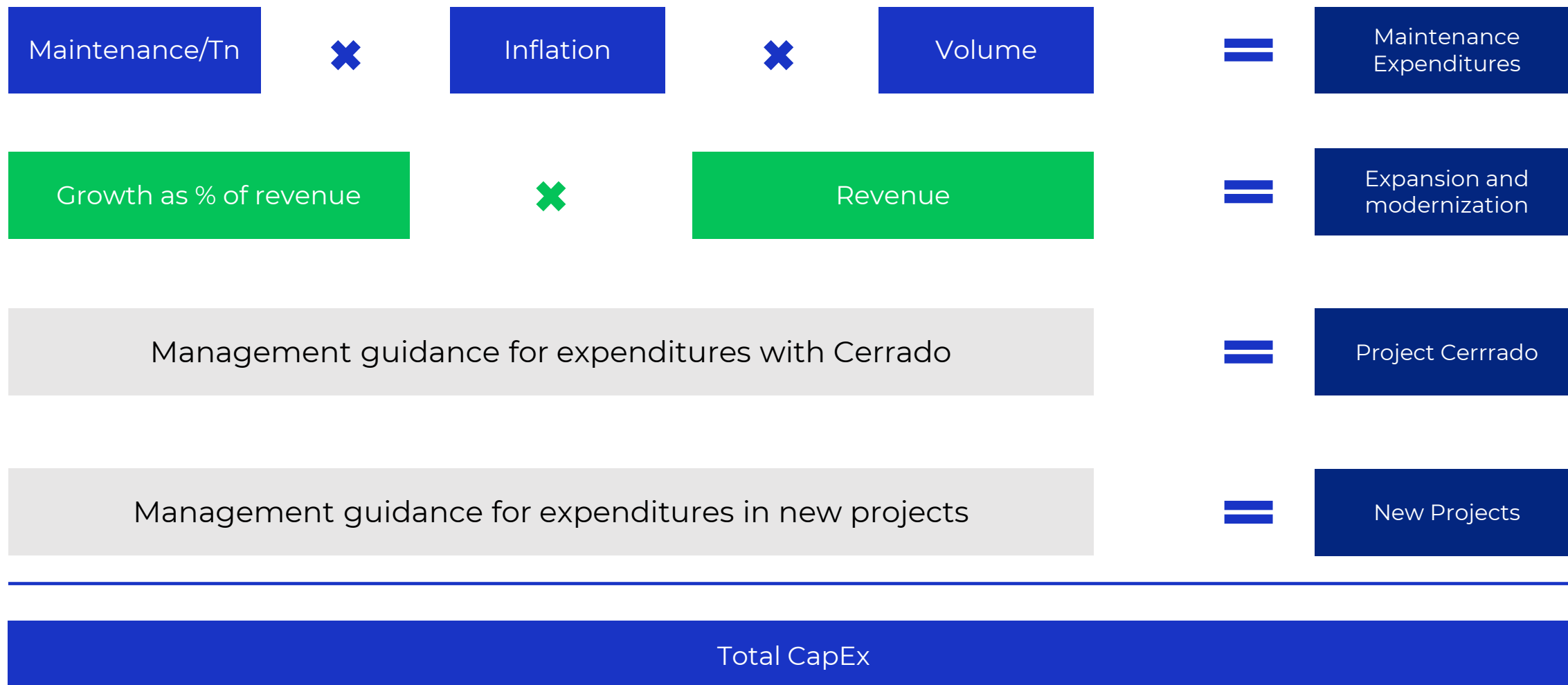
Revenue Build Up

Our Bottom-Up Forecast

Structure						
	Volume	×	Price/tn	×	USD/BRL	= Revenue (BRL)
Pulp (Ex Cerrado)	Domestic Volume	×	Foreign Price (USD/tn)	×	USD/BRL	= Revenue (BRL)
	Foreign Volume	×	Domestic Price (USD/tn)	×	USD/BRL	= Revenue (BRL)
Cerrado	Cerrado Volume	×	Foreign Price (USD/tn)	×	USD/BRL	= Revenue (BRL)
		×	Domestic Price (USD/tn)	×	USD/BRL	= Revenue (BRL)
Paper	Domestic Volume	×	Domestic Price (USD/tn)	×	USD/BRL	= Revenue (BRL)
	Foreign Volume	×	Foreign Price (USD/tn)	×	USD/BRL	= Revenue (BRL)

CapEx Build Up

How do we understand Suzano's CapEx?



OpEx Build Up

Pulp Cash COGS build up

$$\text{Cash Cost}_{t-1} \times \left(\% \text{ USD} \times \text{US CPI} \times \Delta \text{USD/BRL} + \% \text{ BRL} \times \text{BZ IPCA} \right) = \text{Cash Cost}_t$$

$$\text{Cash Cost}^1 (\text{BRL/tn}) \times \% \text{ Variable Costs} \times \% \text{ Variable Costs} = \text{Variable Costs}$$

$$\text{Fixed Costs}_{t-1} \times \text{Cost Inflation} = \text{Fixed Costs}$$

$$\text{Forest Costs (BRL/tn)} \times \text{Volume} \times \text{Cost Inflation} = \text{Forest Costs}$$

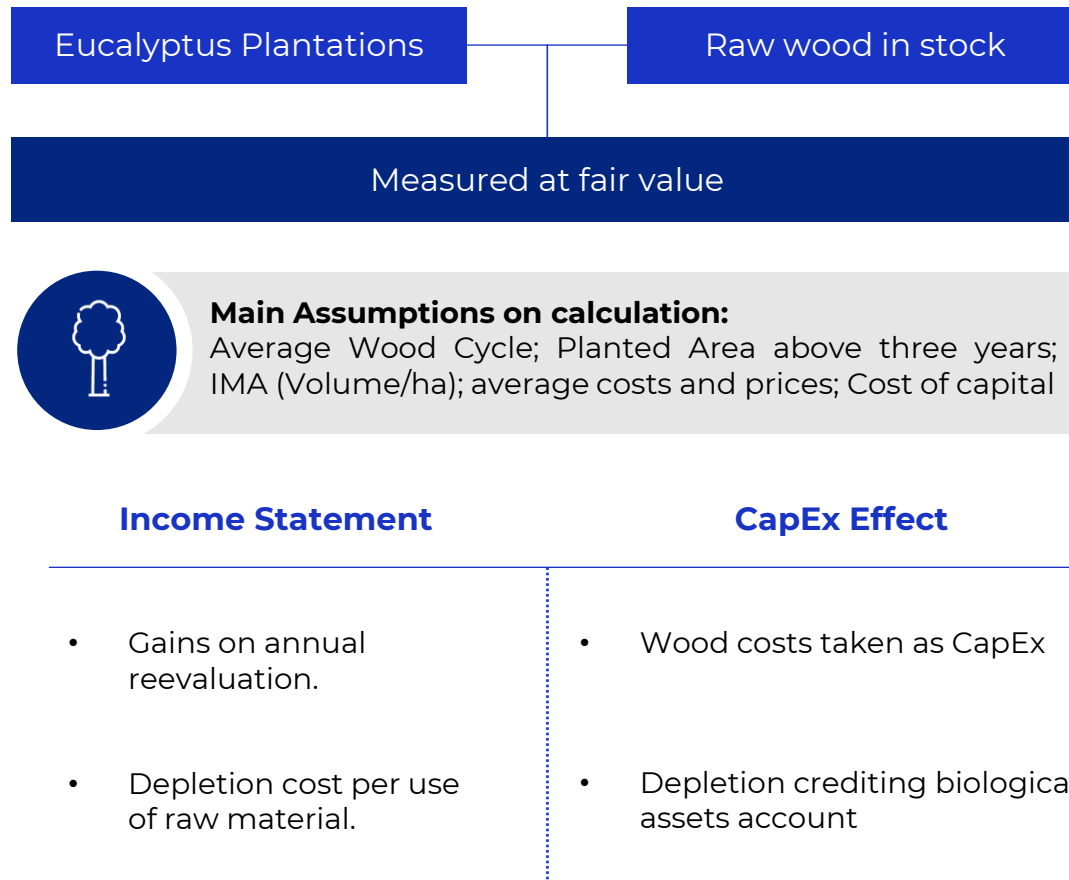
$$\text{Freight Costs (USD/tn)} \times \text{Volume} \times \text{USD} \times \text{Cost Inflation} = \text{Freight Costs}$$

$$\text{Cash COGS}$$

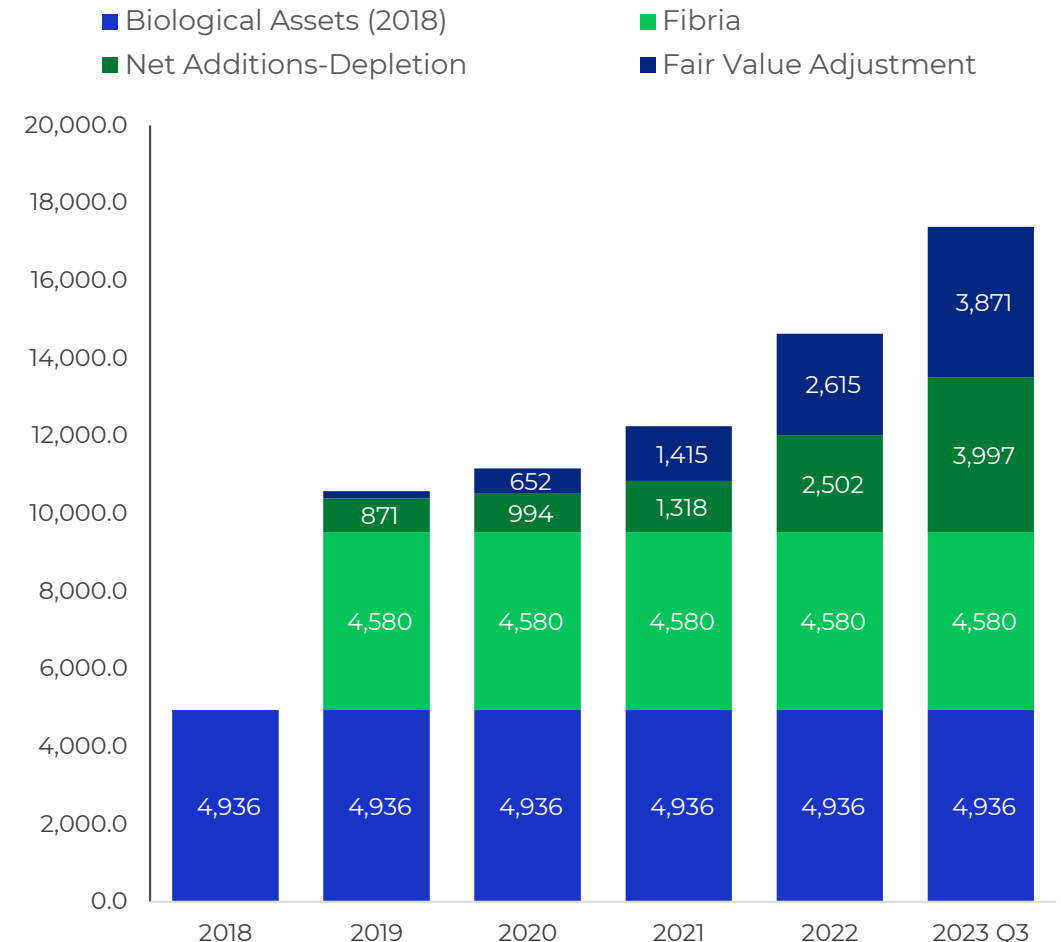
IFRS 16: Biological Assets Accounting

Biological Assets should be measured at fair value and reevaluated annually

Suzano's Biological Assets



The increase has come both of Suzano's expansion as
Biological Assets Evolution (BRL mn)

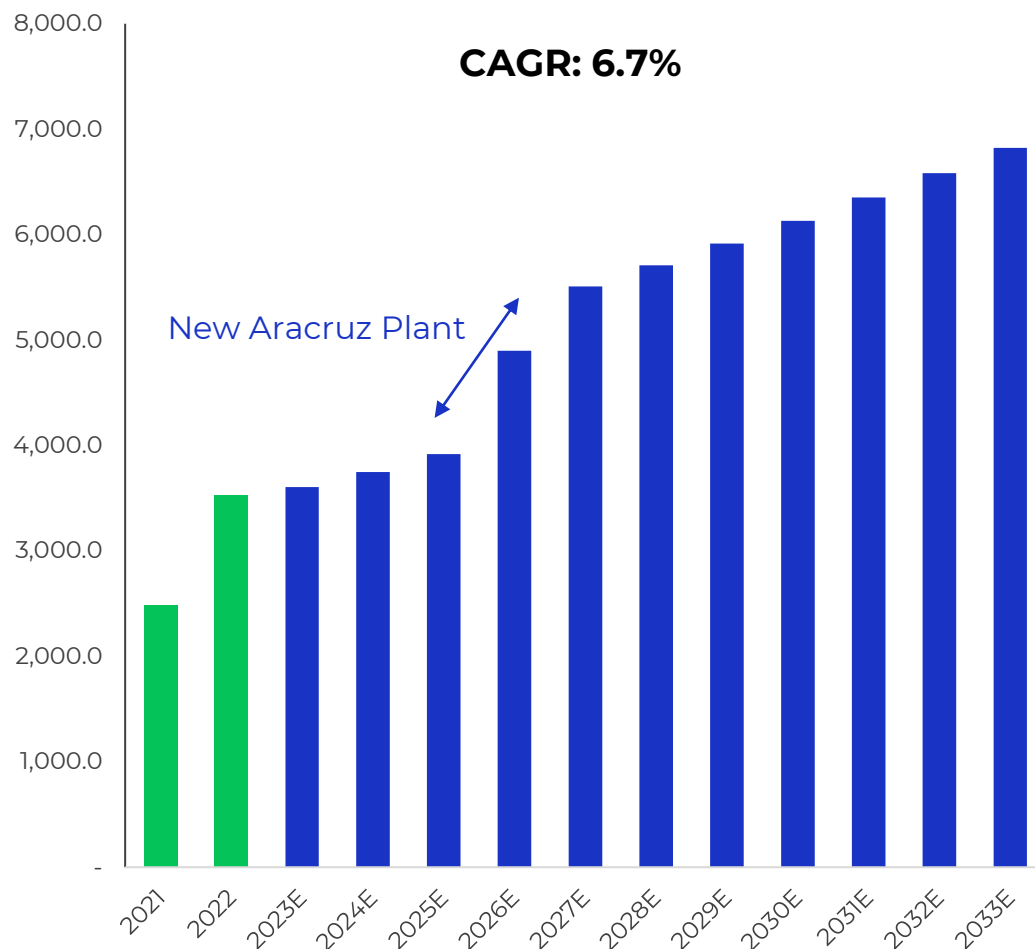


Paper Expansion

Gradually diversifying out of printing and writing

With its new plant, Suzano will achieve a superior EBITDA

Paper EBITDA forecast (BRL mn)








Yet, Paper still does not have enough significance for our thesis

Sensitivity of paper assumptions

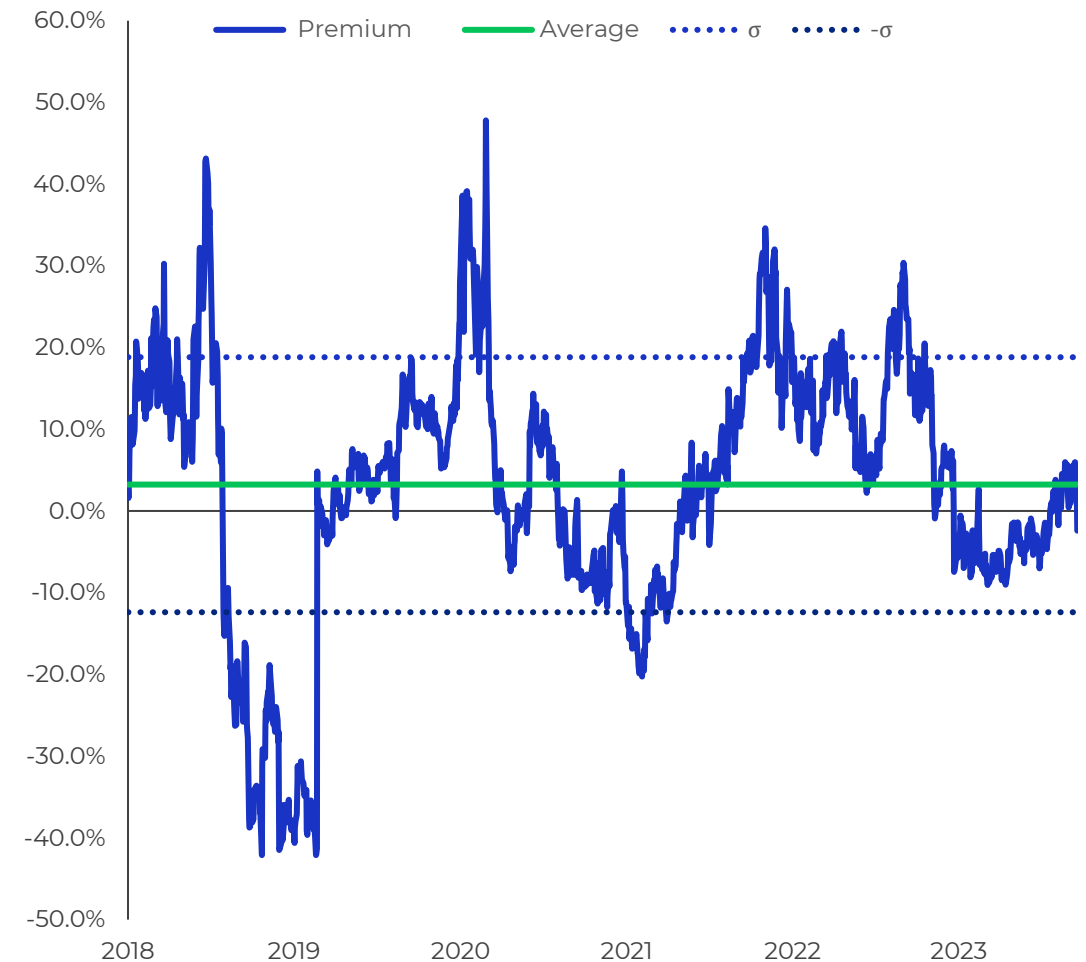
		Paper g (perpetuity)				
		2.50%	3.00%	3.50%	4.00%	4.50%
Paper EBITDA CARG 2022- 2033	2.7%	13.7%	15.5%	17.6%	20.0%	23.0%
	4.7%	18.2%	20.2%	22.5%	25.3%	28.6%
	6.7%	23.0%	25.3%	27.2%	31.0%	34.8%
	8.7%	28.2%	30.8%	33.8%	37.3%	41.5%
	12.7%	33.9%	36.8%	40.1%	44.1%	48.8%

LatAm Peers

Suzano's premium to median of LatAm peers is at 5Y average








	EV/EBITDA		
	2022	2023	2024
 suzano	4.35x	6.77x	6.36x
 Klabin	6.3x	8.0x	7.6x
 irani	6.7x	7.8x	6.9x
 cmpec	4.2x	6.5x	6.5x
 EMPRESAS COPEC	5.0x	8.4x	7.2x
DEXCO	4.x	8.0x	6.7x
Average	5.8x	7.7x	7.0x
Median	6.3x	8.0x	6.9x

SUZB3 Historical NTM EV/EBITDA premium to Median of LatAm Peers



EU Peers

Suzano's premium to 5Y median in European peers is below one standard deviation






	EV/EBITDA		
	2022	2023	2024
 suzano	4.35x	6.77x	6.36x
 UPM	8.1x	13x	9.2x
 storaenso	4.8x	12.9x	9.1x
 Smurfit Kappa	5.0x	5.6x	5.9x
 mondi	5.2x	8.1x	8.1x
 CANFOR	1.1x	54.5x	4.9x
 altri	4.3x	10x	8.2x
Average	4.8x	17.4x	7.5x
Median	4.9x	11.5x	8.1x

SUZB3 Historical NTM EV/EBITDA premium to Median of EU Peers

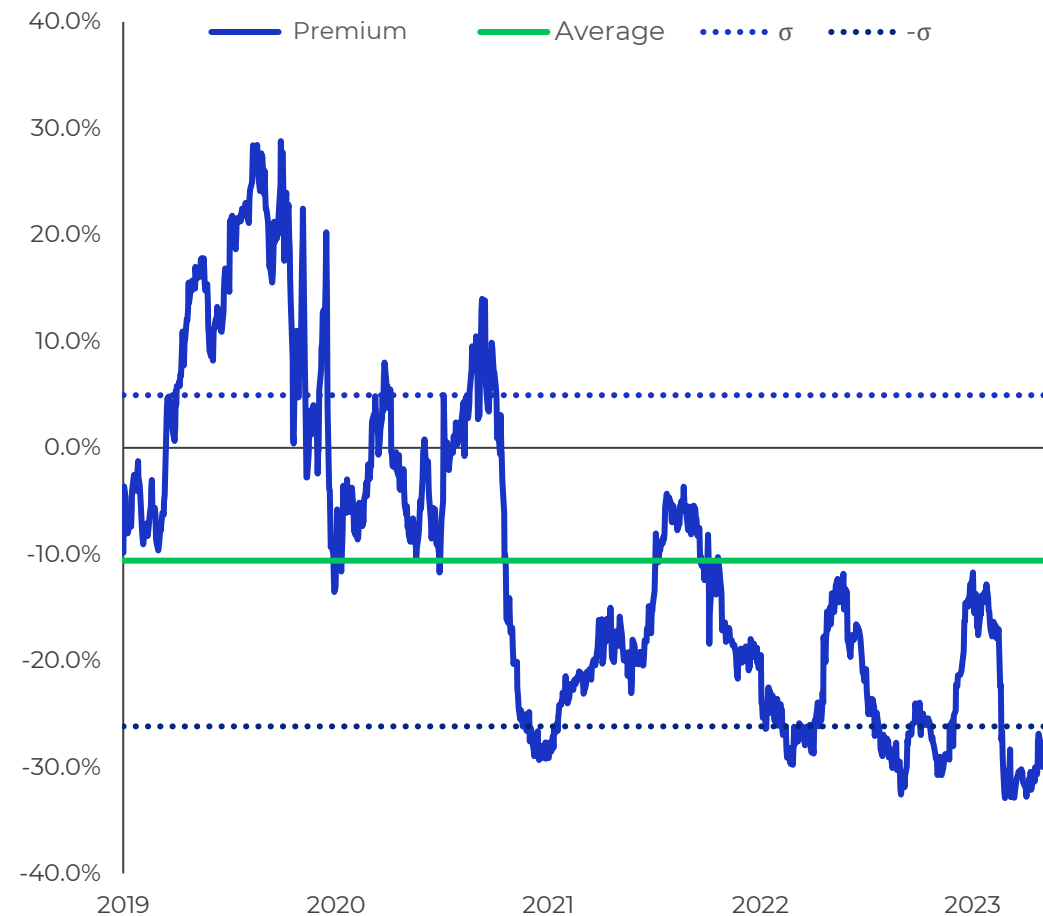


North American Peers

Suzano's premium to 5Y median in North American peers is below one standard deviation

	EV/EBITDA		
	2022	2023	2024
 suzano	4.35x	6.77x	6.36x
 International Paper	5.9x	7.4x	7.5x
 WestRock	6.0x	6.6x	5.7x
 PCA <small>PACKAGING CORPORATION OF AMERICA</small>	8.3x	10x	10.3x
 Graphic Packaging <small>INTERNATIONAL</small>	7.6x	6.5x	6.6x
 MERCER	3.5x	93.3x	9.6x
 Rayonier	19.1x	20.7x	19.7x
Average	8.4x	24.1x	9.9x
Median	6.8x	8.7x	8.5x

SUZB3 Historical NTM EV/EBITDA premium to Median of North American Peers



Trading Comps

We compared Suzano's multiples with three geographical peer sets

	Enterprise Value USD mn	Net Debt USD mn	EV/EBITDA			P/E		
			2022	2023	2024	2022	2023	2024
Suzano	26,858.1	12,071.5	4.35x	6.77x	6.36x	3.0x	6.5x	12.1x
LatAm P&P								
CMPC	9,475.5	4,183.9	4.2x	6.5x	6.5x	5.1x	11.9x	14.0x
Klabin	9,971.2	4,663.1	6.3x	8.0x	7.6x	7.2x	7.8x	10.3x
Irani	784.3	144.4	6.7x	7.8x	6.9x	10.0x	7.5x	11.3x
Dexco	2,260.1	855.0	6.7x	8.0x	6.7x	12.1x	17.8x	20.3x
Copac	19,273.2	8,893.3	5.0x	8.4x	7.2x	5.4x	17.4x	13.5x
Average			5.8x	7.7x	7.0x	8.0x	12.5x	13.9x
Median			6.3x	8.0x	6.9x	7.2x	11.9x	13.5x
EU P&P								
UPM-Kymmene	22,257.8	2,932.4	8.3x	13.2x	9.1x	10.9x	24.2x	14.0x
Stora Enso R	13,592.0	2,077.3	4.8x	12.9x	8.9x	7.5x	58.6x	20.0x
Smurfit Kappa Group	13,387.8	3,227.7	5.4x	6.0x	6.3x	8.5x	10.5x	11.1x
Mondi	10,727.7	1,567.9	5.5x	8.6x	8.6x	9.4x	18.0x	17.6x
Canfor Pulp Products	1,368.4	(247.3)	1.1x	50.5x	4.5x	2.3x	(8.1x)	(34.6x)
ALTRI SGPS	1,372.9	440.2	4.3x	9.9x	8.1x	5.4x	31.7x	15.9x
Average			4.9x	16.9x	7.6x	7.3x	22.5x	7.4x
Median			5.1x	11.4x	8.4x	8.0x	21.1x	14.9x
North America P&P								
International Paper	17,291.5	4,775.0	6.3x	7.9x	8.0x	9.2x	17.1x	18.4x
WestRock	18,809.9	8,207.5	6.4x	6.8x	6.0x	14.0x	17.8x	11.8x
Packaging of America	16,615.2	2,081.1	8.8x	10.6x	10.3x	14.2x	19.4x	19.0x
Graphic Packaging Holding	12,582.3	5,104.0	7.8x	6.7x	6.7x	10.4x	8.5x	9.0x
Mercer	1,835.4	999.8	3.4x	91.8x	9.4x	3.2x	(4.5x)	(9.1x)
Rayonier	6,252.9	1,521.5	19.7x	21.3x	20.4x	50.6x	101.9x	62.8x
Average			8.7x	24.2x	10.1x	16.9x	26.7x	18.7x
Median			7.1x	9.3x	8.7x	12.2x	17.5x	15.1x

Source: Team 4, Factset

Valuation Methodologies

Explanation of used methods

FCFE DCF

Net Income

D&A (+)
CapEx (-)
Investment in WC (-)
Other (-)
Change in Debt (+)

Adj FCFE

Cost of Equity: 13.4%

g (perpetuity): 3.5%

$$\text{Target Price} = \frac{\text{Equity Value}}{\text{\# of Shares}}$$

Target Price: 67.6 BRL

Upside: 29.0%

Relative Valuation

2024 EV/EBITDA	LatAm	Europe	North America
Current EV/EBITDA median:	6.9x	8.1x	8.5x
Historical Premium/(Discount):	1.0%	(10.6%)	(10.4%)
Premium Adj EV/EBITDA:	6.9x	7.3x	7.6x
Weighted Average:	7.04x		

Enterprise Value = EBITDA 2024 * 7.04x

$$\text{Target Price} = \frac{(\text{Enterprise Value} - \text{Net Debt})}{\text{\# of Shares}}$$

Target Price: 64.7 BRL

Upside: 23.5%

Sum of the Parts

Pulp NOPAT ¹	Paper NOPAT	Pulp NOPAT
D&A (+)	D&A (+)	D&A (+)
CapEx (-)	CapEx (-)	CapEx (-)
Investment in WC (-)	Investment in WC (-)	Investment in WC (-)
Other (-)	Other (-)	Other (-)
Adj FCFF	Adj FCFF	Adj FCFF

WACC (g = 3.5%)

9.9%

9.3%

9.9%

$$\text{Target Price} = \frac{(\text{EV1} + \text{EV2} + \text{EV3} - \text{Net debt})}{\text{\# of Shares}}$$

Target Price: 66.8 BRL

Upside: 27.5%

Blended Valuation

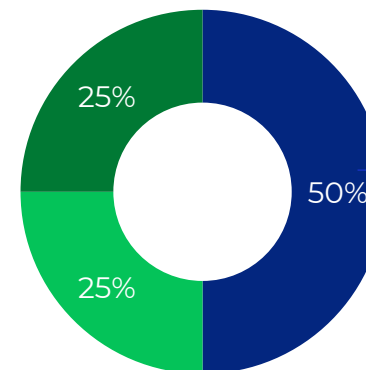
Why did we use a weighted average as target price?

Methodology	Reasoning
DCF (50%)	Account for Suzano's specific equity value considering its whole cash generation to shareholders
Relative Valuation (25%)	Incorporate expectations priced in to the overall Pulp market and incorporate it in to our price target
SOTP (25%)	Account for specific unit contributions of Suzano business to future value generation

Robust target price avoiding misleading deviations of methods

The weights were selected based on the proximity to Suzano's characteristics that better reflect the value of the company

■ DCF ■ SOTP ■ Relative

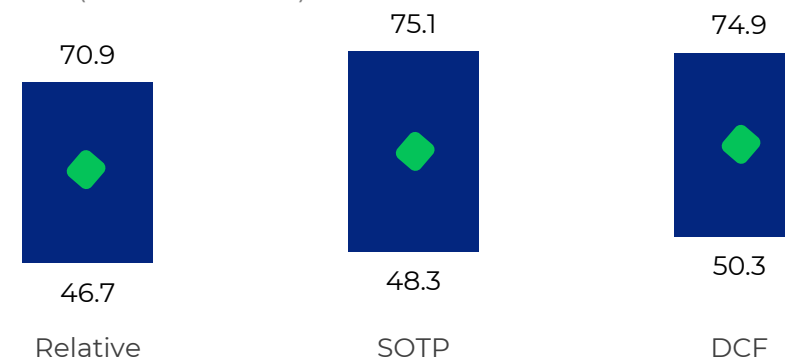


Adj FCFE

- Intrinsic changes in capital structure with FX variation
- Account for non-cash lease financial expenses

The methodologies yielded similar outputs throughout our scenarios

Target Price (Bull-Base-Bear)



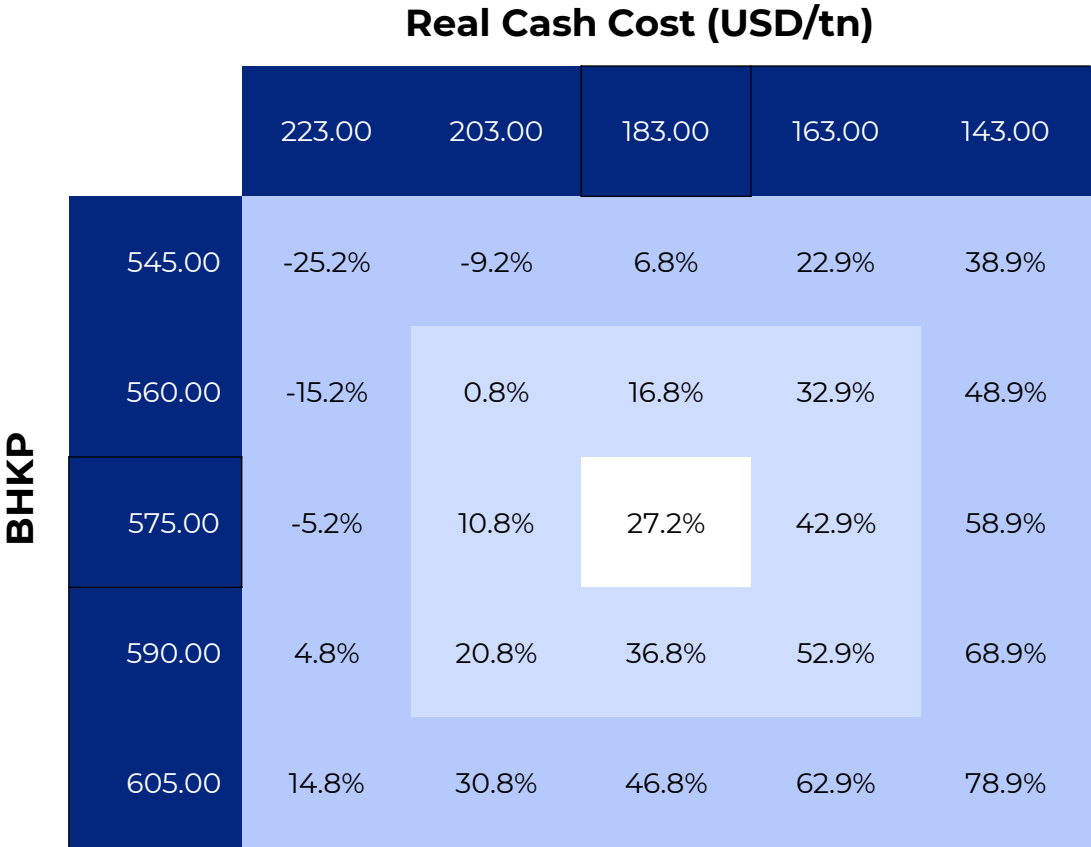
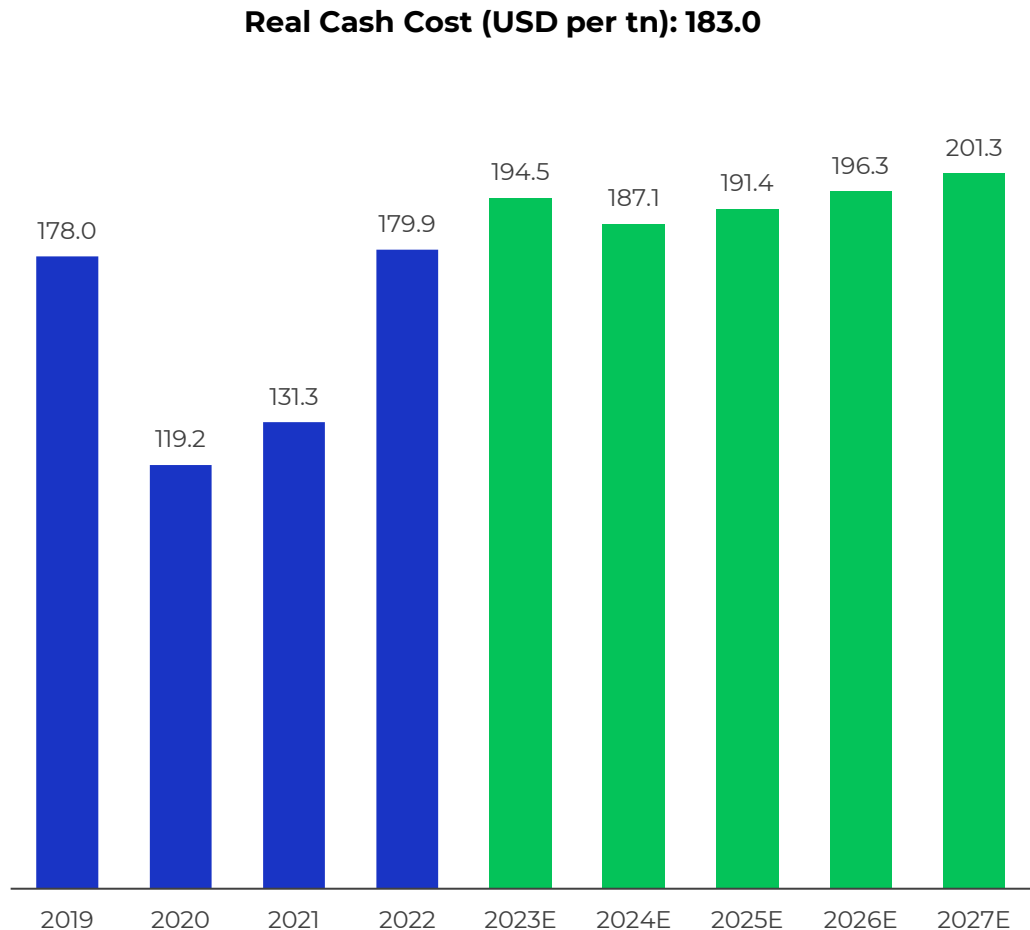
Cash Cost Sensitivity



We stressed changes to the Suzano cash cost in our recommendation

We expect a slight reduction in the SR due to lower input costs
Cash Cost forecast (USD/tn)

But the changes would need to be significant to impact our investment recommendation



Source: Team 4

Suzano Tax Rate

Suzano takes advantage of its subsidiary in Austria to obtain fiscal benefits

Fiscal Benefits

	Expirations	Percentage of total tax difference ¹
Mucuri (Line 1):	2024	
Mucuri (Line 2):	2027	
Eunápolis:	2025	
Imperatriz:	2024	
Aracruz:	2030	
Aracruz:	2031	
Belém:	2025	1.14%

Transfer Pricing

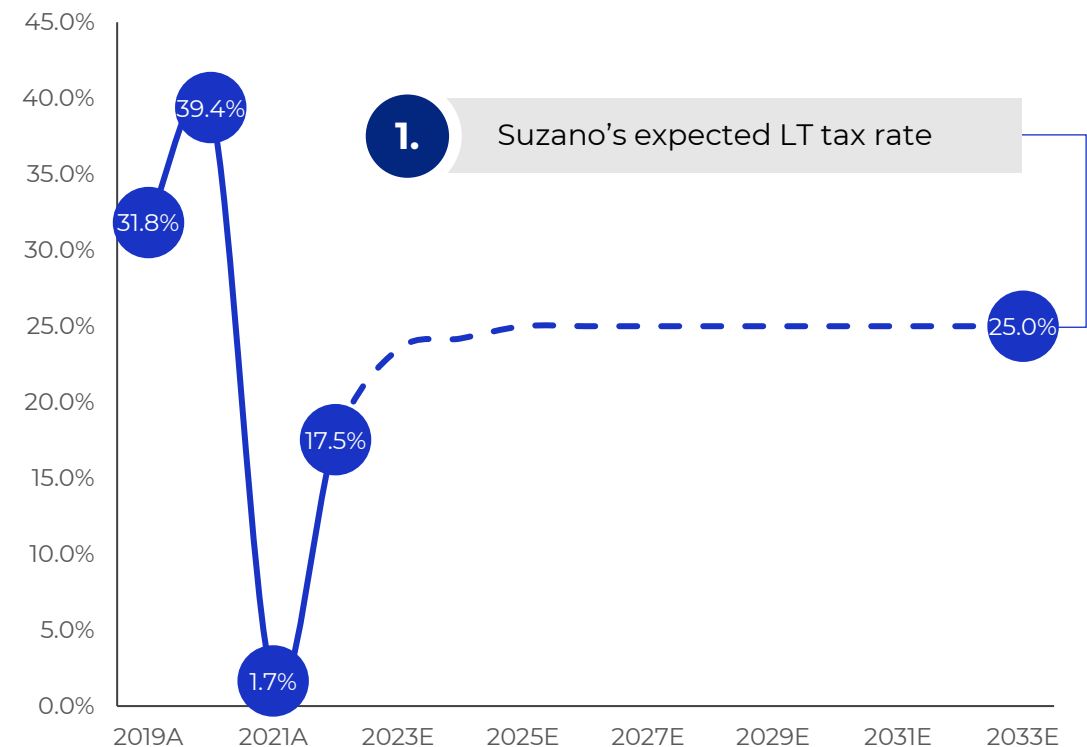


We expect a 25% effective tax rate for Suzano to its international presence

Perpetuity Tax Rate:

We take out the transfer pricing and fiscal benefits effect with a **34% tax rate**

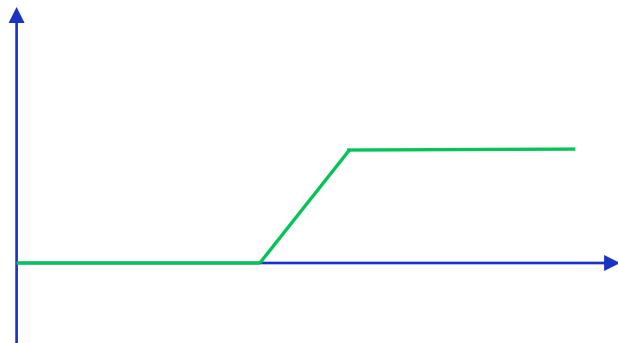
Suzano Effective Tax Rate forecast



Suzano's Derivative Structure

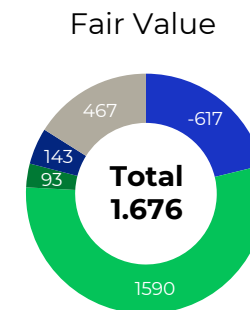
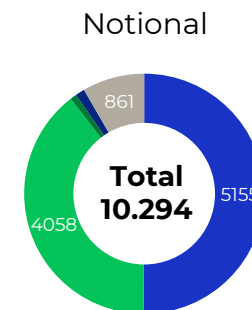
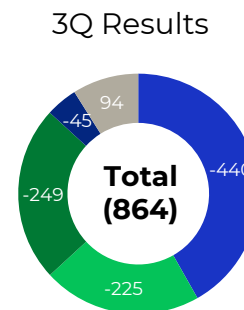
Suzano operates only a hedge structure of derivatives with limited downside

Zero Cost Collars (ZCCs)



- Options strategy on FX rates
- Near 0 downside (In case of 0 cost)
- Limited gains as it evolves selling a covered option

■ Debt ■ Cash Flow ■ Commodities ■ Included Derivative ■ Hedge Cerrado



Non-Deliverable Forwards (NDFs)

Suzano Counterpart



Exchange of cash flow on difference of **pre-arranged spot rates** on contract

- Type of future contract based on cash flow
- Difference in cash flow at pre-agreed rates
- Counterparty risk

Our forecast

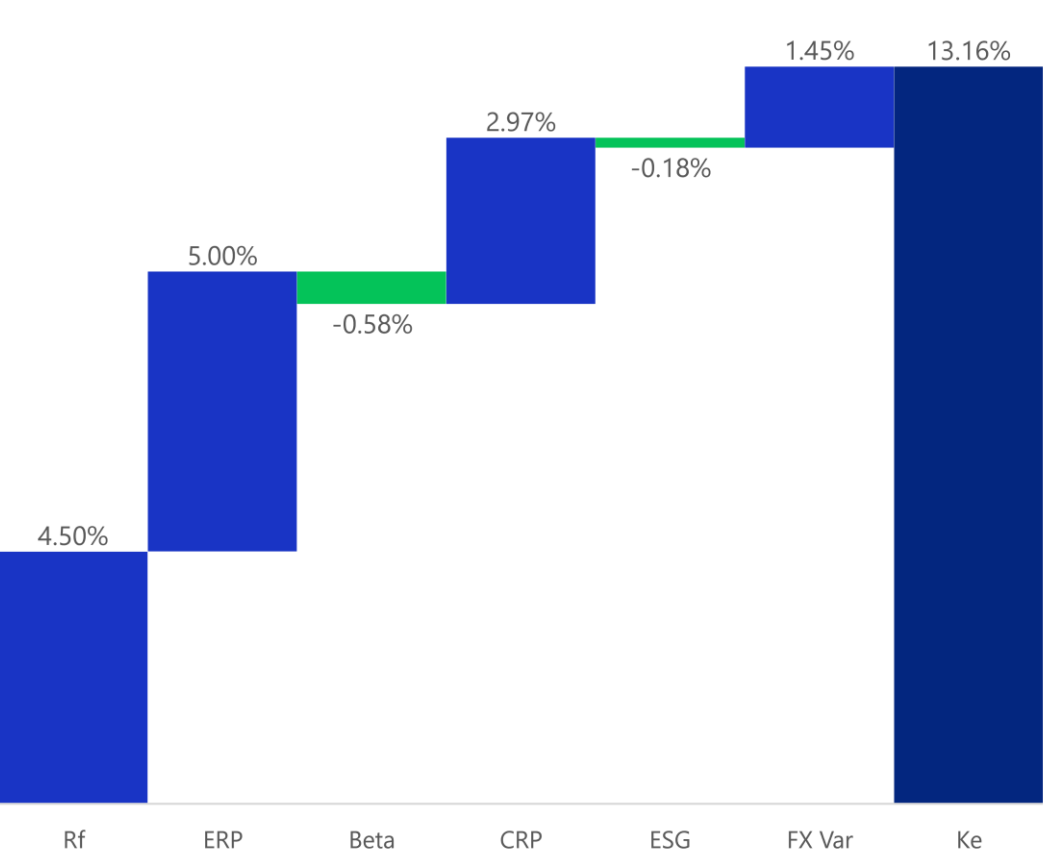
Notional Value USD	×	$\Delta \text{USD/BRL}$	=	FX result
Cash Sensitivity	×	$\Delta \text{USD/BRL}$	=	Cash result

Cost of Equity Calculation

We calculated the cost of equity using the CAPM method

We reached a 13% Cost of Equity in BRL
Cost of Equity Composition

Leveraged Beta: 0.85



Even with pessimistic assumptions, creates possible outcomes
FCFE Upside sensitivity

		g (perpetuity)						
		2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
Ke	14.7%	4.2%	5.8%	7.5%	9.4%	11.5%	13.8%	16.3%
	14.2%	9.0%	10.8%	12.7%	14.9%	17.3%	19.9%	22.8%
	13.7%	14.1%	16.2%	18.4%	20.9%	23.6%	26.7%	30.0%
	13.2%	19.8%	22.1%	24.7%	27.5%	30.7%	34.2%	38.1%
	12.7%	26.0%	28.7%	31.6%	34.9%	38.6%	42.7%	47.3%
	12.2%	32.8%	35.9%	39.3%	43.1%	47.4%	52.2%	57.7%
	11.7%	40.3%	43.8%	47.8%	52.3%	57.3%	63.0%	69.6%

Source: Team 4

Cost of Debt Calculation

We used a 8.0% cost of debt extracted from BRL YTM of Suzano's debt, and in line with the market

Debt Structure	Type/Index	YTM (BRL)	Value (BRL '000)	Weight
Foreign Currency				
BNDES	UMBDES	9.0%	1,076	0.00%
Bonds	Fixed	6.5%	41,842,073	53.27%
Export credits ("export prepayments")	SOFR/Fixed	8.3%	17,736,147	22.58%
Assets financing	SOFR	5.6%	219,208	0.28%
IFC - International Finance Corporation	SOFR	8.0%	2,968,867	3.78%
Others			13,909	0.02%
Local Currency				
BNDES	TJLP	8.4%	265,218	0.34%
BNDES	TLP	11.6%	2,417,644	3.08%
BNDES	Fixed	4.0%	5,023	0.01%
BNDES	SELIC	13.9%	915,063	1.16%
CRA ("Agribusiness Receivables Certificates")	CDI/IPCA	11.6%	726,678	0.93%
NCE ("Export credit notes")	CDI	13.5%	103,661	0.13%
NCR ("Rural producer certificates")	CDI	11.6%	2,035,327	2.59%
Export credits ("export prepayments")	Fixed	8.4%	775,387	0.99%
Debentures	CDI	12.5%	8,525,757	10.85%
Cost of Debt:		8.0%	78,551,038	

Klabin issues over 595mn USD in unsecured bonds

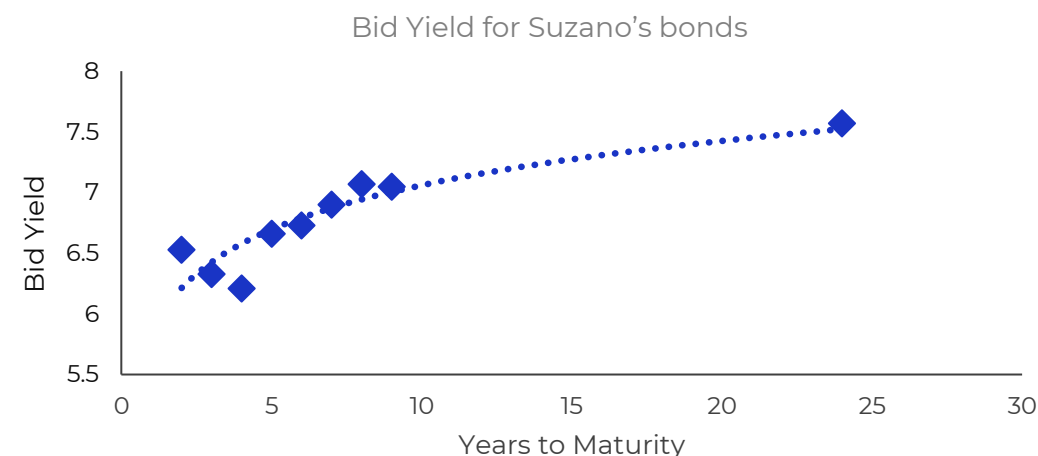


The bonds were issued at a SOFR+2.05% and swapped in to a **7.05%** fixed rate.

Oct 4th, 2023

Given the similar risk profile, we see it as a proxy for Suzano current market cost of debt

Taking our forecasted FX variation we reach a 8.0% BRL YTM



WACC and Perpetuity Growth Calculation

Key numbers to our WACC calculation

WACC	Calculation	
	Risk Free Rate (10Y Treasury)	4.50%
	Beta	0.85
	Equity Risk Premium	5.0%
	Country Risk Premium	2.97%
	Currency Variation	1.5%
	Cost of Equity	13.2%
	Cost of Debt	8.0%
	Marginal Tax Rate	34.0%
	After Tax Cost of Debt	5.3%
WACC		9.5%
g (Perpetuity)	Forecast Factors	
	<ul style="list-style-type: none"> Long-term brazilian Inflation in our model We did not incorporate real GDP growth to construct a margin of safety 	

Our recommendation is resilient to different rate assumptions
FCFF Upside sensitivity to WACC and Perpetuity Growth Rate

WACC	g (perpetuity)						
	2.0%	2.5%	3.0%	3.5%	4.0%	4.5%	5.0%
	11.0%	-24.4%	-19.8%	-14.7%	-8.8%	-2.1%	5.6%
	10.5%	-14.2%	-8.8%	-2.7%	4.3%	12.3%	21.7%
	10.0%	-2.7%	3.7%	10.9%	19.3%	29.1%	40.6%
	9.5%	10.3%	17.9%	26.6%	36.8%	48.8%	63.2%
	9.0%	25.2%	34.3%	44.9%	57.4%	72.5%	90.8%
	8.5%	42.3%	53.3%	66.4%	82.1%	101.3%	125.2%
	8.0%	62.2%	75.8%	92.2%	112.2%	137.1%	169.2%

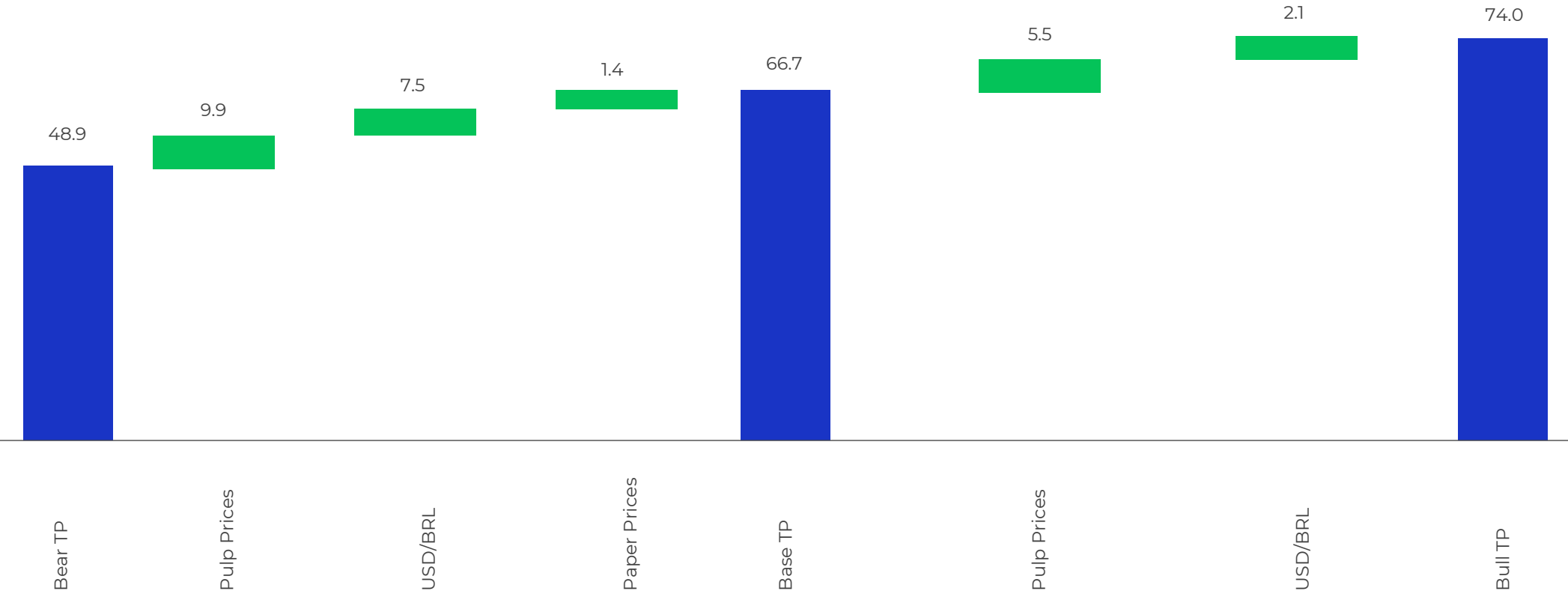
Team 4 vs Consensus

How are our projections compared to the market consensus?

Income Statement	2021A	2022A	2023E	2024E	2025E	2026E	2027E
Revenue Team 4	40,965.4	49,830.9	38,938.6	42,466.4	49,419.6	53,386.6	56,262.4
LSEG Consensus			39,021.5	41,190.5	47,455.0	53,811.7	54,065.0
vs Consensus %			-0.2%	3.1%	4.1%	-0.8%	4.1%
EBITDA Team 4	25,166.4	29,365.2	18,871.7	20,103.8	24,559.5	26,476.2	27,849.9
LSEG Consensus			18,277.1	19,073.1	23,254.6	27,514.0	27,474.0
vs Consensus %			3%	5%	6%	-4%	1%
Net Income Team 4	8,635.5	23,394.9	10,924.2	5,889.9	11,567.2	13,191.6	14,071.1
LSEG Consensus			10,116.0	5,796.2	7,868.7	10,321.5	9,246.0
vs Consensus %			8%	2%	47%	28%	52%

We analyzed our model across three scenarios to include various outcomes of key variables

Variable	Bear Case	Base Case	Bull Case
Pulp Prices (USD /tn)	550.0	575.0	590.0
Paper Prices (USD/tn)	900	1200	1200
USD/BRL	4.8	5.0	5.1



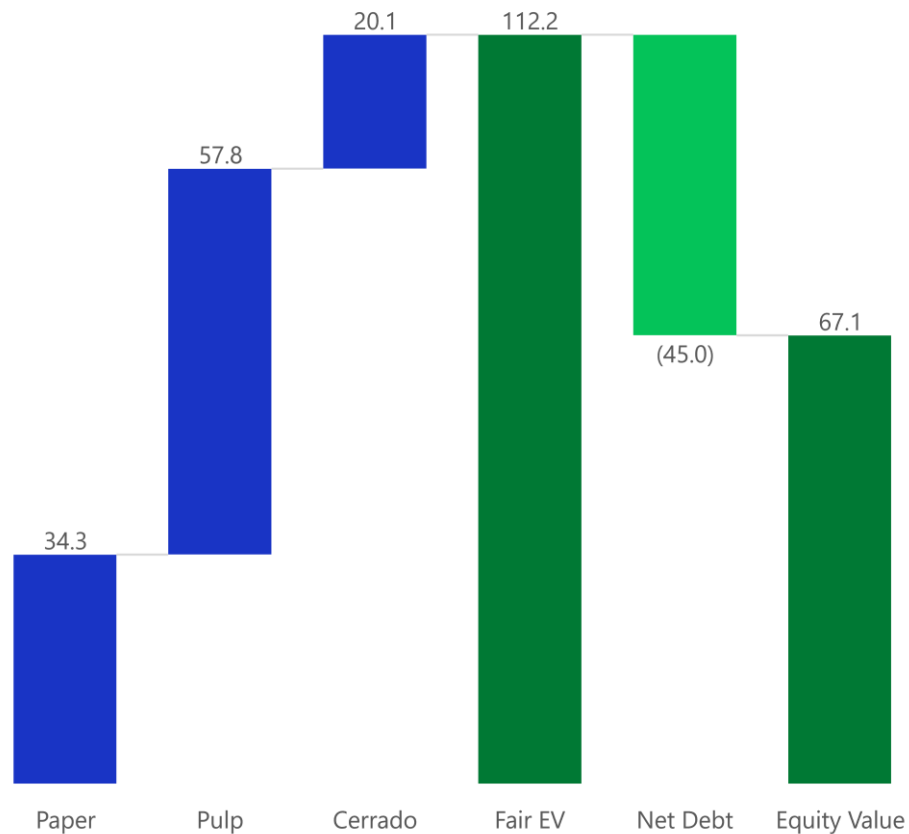
Source: Team 4

SOTP Target Price Composition

Results of our granular forecast in terms of value

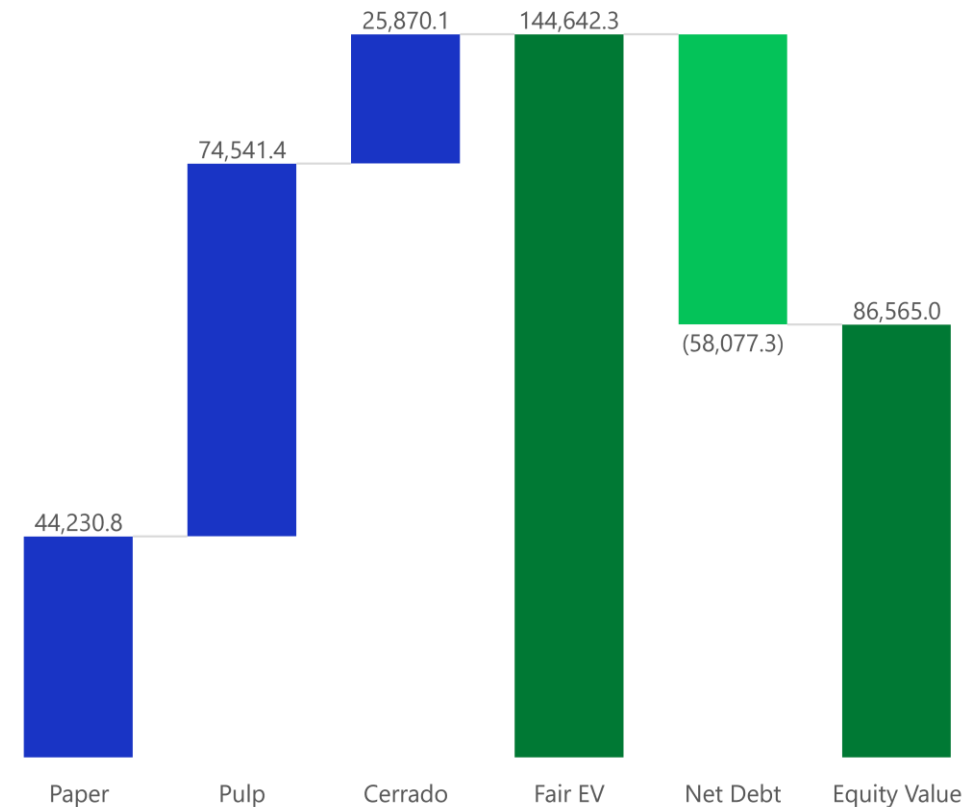
Pulp is the most significant part of our target price

SOTP per share



We estimate that Cerrado accounts for BRL 25 bn in Suzano value

SOTP BRL mn



7

Key price catalysts

Information updates of the industry, Suzano, and its competitors

China GDP: Jan/2024

1. Release of the 2023 GDP, in January 2024

2. Stronger Chinese Economic data creating optimistic expectations for the Pulp market

Cerrado Rollout: 2H2024

1. Following the prediction, Cerrado starting operations in 2H24

2. Market absorbing new pulp capacity with less price downturn than forecasted

MSCI re-rating: undf. date

1. Suzano getting a positive re-rating from MSCI agency

2. Greater exposure to ESG capital markets, especially equity markets

Suzano's 2Q24 release: Aug/2024

1. Suzano's 2Q24 results release

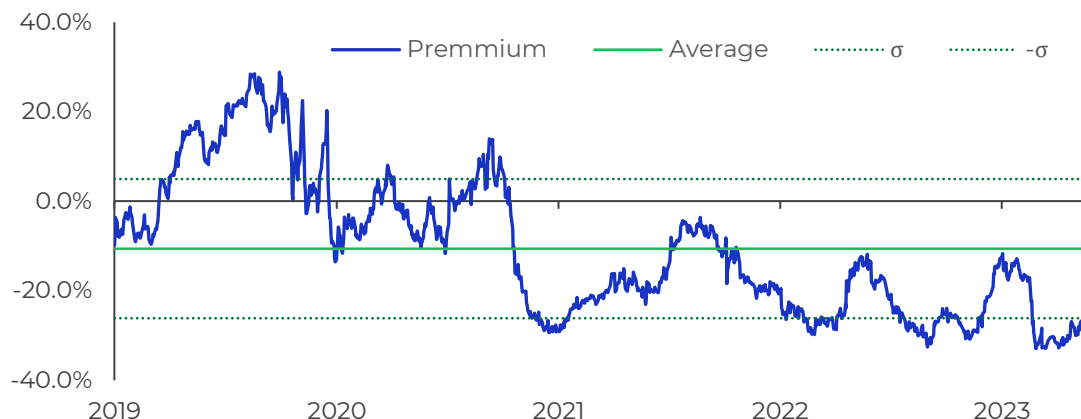
2. Conclusion of Cerrado CapEx and more clarity on future capital allocation

Multiple Discount

With all these land advantages, Suzano **isn't receiving the recognition** it deserves

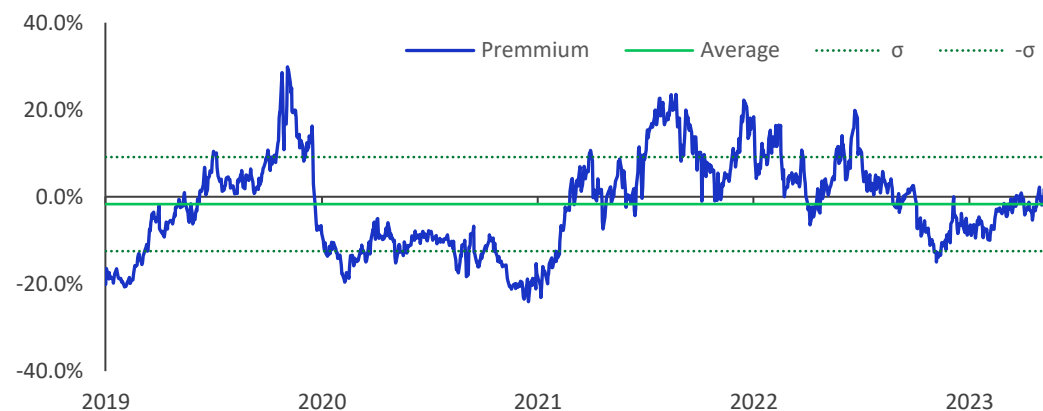
Suzano trades at a steep discount to North American peers

NTM EV/EBITDA Premium to North American Peers Median



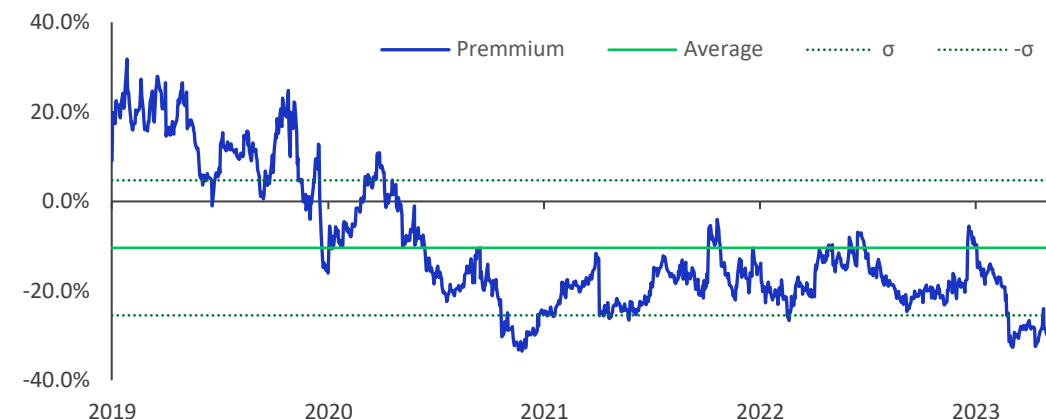
Suzano is in line with LatAm's peers

NTM EV/EBITDA Premium to LatAm Peers Median



Suzano trades at a huge discount to European peers

NTM EV/EBITDA Premium to EU Peers Median



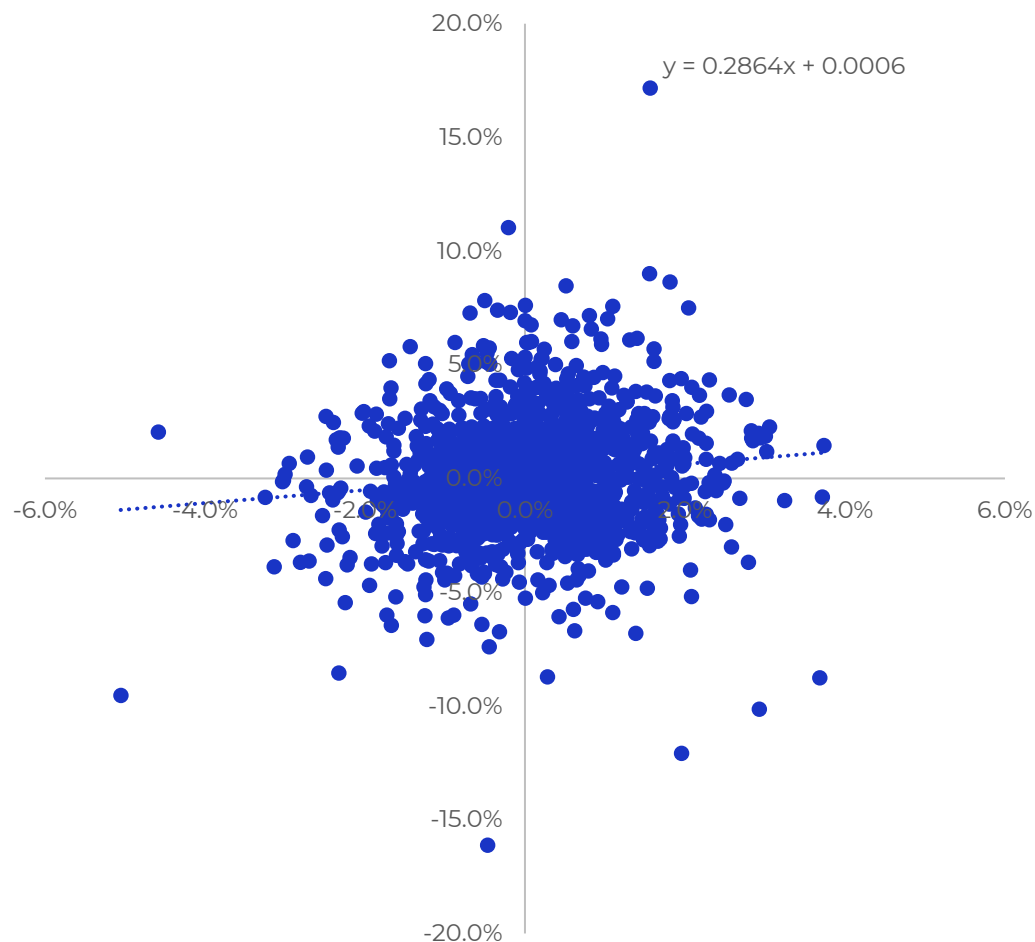
1. **Suzano trades at a lower multiple** than the sector average, with its greater exposure to pulp
2. We believe that Suzano should return to the average discount it used to trade at
3. High cash generation and low cost of capital should drive this multiple expansion

Portfolio View

Suzano is not highly correlated with the IBOV, but is correlated to USD variation

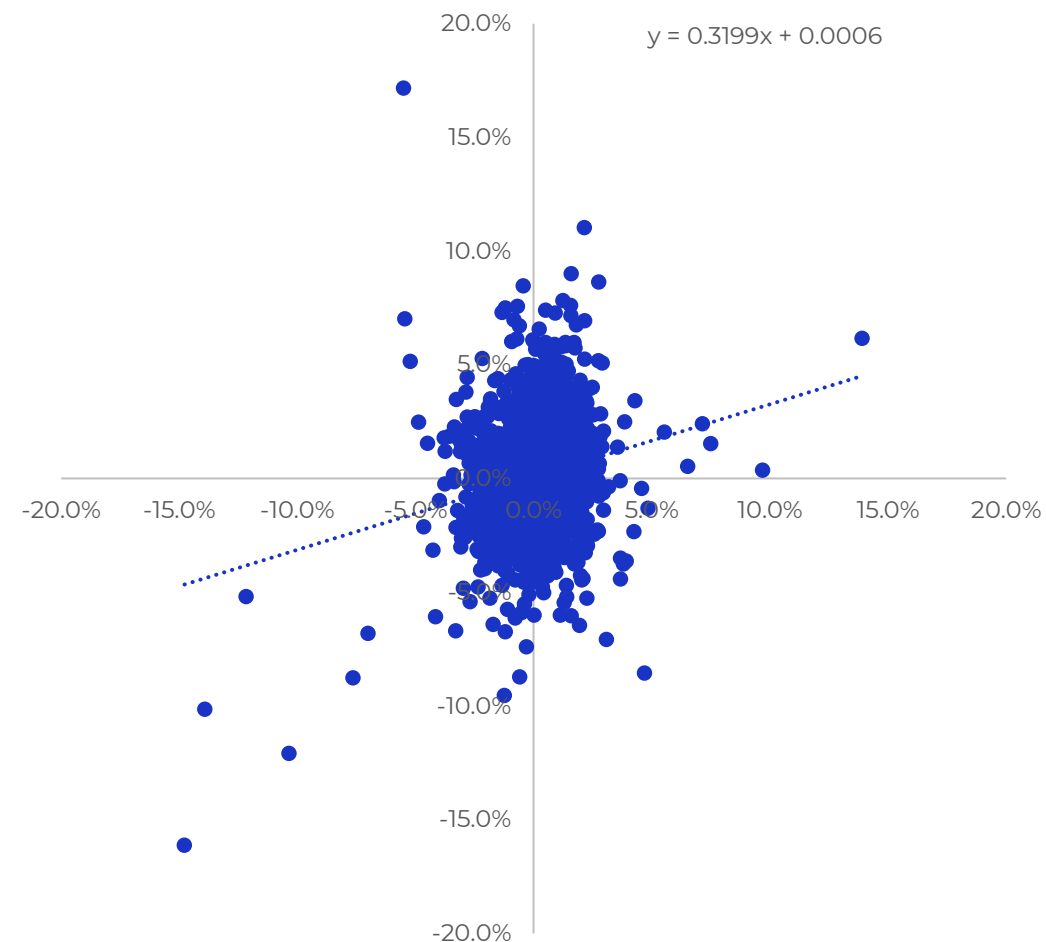
Suzano has a very large correlation to USD variation

Suzano Beta to USD variation



While its exposure to Brazil stock index is not that significant

Suzano Beta to IBOV



Historical Multiples of Suzano

Even tough multiple sits in line with historical average, in terms of cash it is discounted

Even tough multiple sits in line with historical average

Historical NTM EV/EBITDA of Suzano



...In terms of cash generation Suzano looks discounted

Historical NTM P/CF of Suzano



Sensitivity of EBITDA

EBITDA 2024 and EV/EBITDA 2024

EBITDA 2024 BRL mn

		BHKP (USD/tn)				
		525.0	550.0	575.0	600.0	625.0
USD/BRL	4.6	13,884	15,085	16,285	17,485	18,686
	4.8	15,090	16,343	17,596	18,849	20,102
	5.0	16,296	17,602	20,104	20,212	21,517
	5.2	17,503	18,860	20,218	21,575	22,933
	5.4	18,709	20,119	21,528	22,938	24,348

EV/EBITDA 2024

		BHKP (USD/tn)				
		525.0	550.0	575.0	600.0	625.0
USD/BRL	4.6	8.9x	8.2x	7.6x	7.1x	6.6x
	4.8	8.2x	7.6x	7.0x	6.6x	6.2x
	5.0	7.6x	7.0x	6.3x	6.1x	5.8x
	5.2	7.1x	6.6x	6.1x	5.7x	5.4x
	5.4	6.6x	6.2x	5.8x	5.4x	5.1x

Sensitivity of EBITDA

EBITDA 2024 and Net Debt/EBITDA 2024

EBITDA 2024 BRL mn

BHKP (USD/tn)

		525.0	550.0	575.0	600.0	625.0
USD/BRL	4.6	13,884	15,085	16,285	17,485	18,686
	4.8	15,090	16,343	17,596	18,849	20,102
	5.0	16,296	17,602	20,104	20,212	21,517
	5.2	17,503	18,860	20,218	21,575	22,933
	5.4	18,709	20,119	21,528	22,938	24,348

Net Debt/EBITDA 2024

BHKP (USD/tn)

		525	550	575	600	625
USD/BRL	4.4	4.3x	3.9x	3.6x	3.4x	3.2x
	4.7	3.7x	3.5x	3.2x	3.0x	2.8x
	5.0	3.3x	3.1x	2.9x	2.7x	2.6x
	5.3	3.0x	2.8x	2.6x	2.5x	2.3x
	5.6	2.7x	2.6x	2.4x	2.3x	2.1x

Upside Sensitivity

Upside changes to in USD and Pulp prices



USD/BRL

BHKP (USD/tn)		4.4	4.55	4.7	4.85	5.0	5.15	5.3	5.45	5.6
	535	-43.8%	-32.8%	-22.1%	-11.8%	-2.0%	7.5%	16.7%	25.7%	34.4%
	545	-37.5%	-26.2%	-15.5%	-5.2%	4.7%	14.2%	23.5%	32.5%	41.2%
	555	-31.0%	-19.7%	-9%	1%	11%	21%	30%	39.3%	48.1%
	565	-24.4%	-13.1%	-2%	8%	18%	28%	37%	46.1%	54.9%
	575	-17.8%	-6.5%	4%	15%	27%	34%	44%	52.9%	61.8%
	585	-11.3%	0.0%	11%	21%	31%	41%	50%	59.7%	68.6%
	595	-4.7%	6.6%	17%	28%	38%	48%	57%	66.5%	75.5%
	605	1.8%	13.2%	24.1%	34.5%	44.7%	54.5%	64.0%	73.2%	82.3%
	615	8.4%	19.8%	30.7%	41.2%	51.3%	61.2%	70.7%	80.0%	89.1%

Income Statement	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Revenue	26,012.9	30,460.3	40,965.4	49,830.9	38,938.6	42,466.4	49,419.6	53,386.6	56,262.4	58,317.8	60,448.2	62,656.3	64,945.1	67,317.4	69,776.3
COGS (-)	(20,743.5)	(18,966.3)	(20,615.6)	(24,821.3)	(24,839.1)	(26,864.9)	(27,881.1)	(29,553.0)	(30,994.1)	(32,074.0)	(33,195.7)	(34,360.8)	(35,570.6)	(36,650.6)	(37,948.1)
Gross Profit	5,269.5	11,493.9	20,349.8	25,009.7	14,099.5	15,601.5	21,538.5	23,833.6	25,268.2	26,243.7	27,252.4	28,295.5	29,374.5	30,666.8	31,828.1
Selling expenses (-)	(1,905.3)	(2,174.6)	(2,291.7)	(2,483.2)	(2,580.7)	(2,561.8)	(2,768.0)	(3,048.0)	(3,240.5)	(3,358.9)	(3,481.6)	(3,608.7)	(3,740.5)	(3,877.1)	(4,018.7)
General expenses (-)	(1,093.5)	(1,442.3)	(1,577.9)	(1,709.8)	(1,830.8)	(1,925.4)	(2,078.9)	(2,293.6)	(2,440.7)	(2,529.8)	(2,622.2)	(2,718.0)	(2,817.3)	(2,920.1)	(3,026.8)
Other Income (Expenses)	325.9	530.2	1,648.1	1,121.7	1,424.3	1,121.0	1,285.4	1,412.8	1,500.8	1,555.7	1,612.5	1,671.4	1,732.4	1,795.7	1,861.3
EBIT	2,596.6	8,407.3	18,128.3	21,938.4	11,112.2	12,235.3	17,977.1	19,904.8	21,087.9	21,910.7	22,761.1	23,640.2	24,549.2	25,665.2	26,643.9
Financial Revenue (-)	493.2	327.5	272.6	967.0	1,649	1,738	2,108	2,331	2,438	2,568	2,679	2,744	2,808	2,884	2,970
Financial Expenses (-)	(4,178.8)	(4,459.4)	(4,221.3)	(4,590.4)	(4,444.9)	(3,970.4)	(4,068.3)	(4,075.0)	(4,100.6)	(4,148.4)	(4,202.3)	(4,262.1)	(4,328.5)	(4,402.3)	(4,484.5)
FX (-)	(1,964.9)	(12,530.9)	(3,800.8)	3,294.6	1,833.8	(1,330.9)	(419.5)	(421.7)	(489.4)	(492.3)	(495.3)	(498.3)	(501.4)	(504.4)	(507.5)
Hedge (-)	(1,075.3)	(9,422.7)	(1,597.7)	6,761.6	4,127.4	(903.7)	(174.7)	(150.3)	(174.8)	(176.7)	(178.6)	(180.5)	(182.4)	(184.4)	(186.4)
Pre Tax Profit	(4,129.2)	(17,678.3)	8,781.0	28,371.2	14,277.8	7,768.7	15,422.9	17,588.8	18,761.5	19,661.6	20,564.1	21,443.1	22,344.7	23,457.9	24,435.2
Income Tax Contribution	1,314.5	6,963.3	(145.5)	(4,976.3)	(3,353.7)	(1,878.9)	(3,855.7)	(4,397.2)	(4,690.4)	(4,915.4)	(5,141.0)	(5,360.8)	(5,586.2)	(5,864.5)	(6,108.8)
Current	(222.0)	(105.3)	(152.0)	(508.9)	(262.8)	-	-	-	-	-	-	-	-	-	-
Deferred	2,517.6	9,767.6	4,650.4	(4,749.8)	(2,715.5)	-	-	-	-	-	-	-	-	-	-
Net Income	(2,814.7)	(10,714.9)	8,635.5	23,394.9	10,924.2	5,889.9	11,567.2	13,191.6	14,071.1	14,746.2	15,423.1	16,082.3	16,758.5	17,593.4	18,326.4
Attributed to non-controlling shareholders	(2.8)	(9.9)	(9.1)	(13.3)	(6.2)	(3.3)	(6.6)	(7.5)	(8.0)	(8.4)	(8.7)	(9.1)	(9.5)	(10.0)	(10.4)
Avarege Shares Outstanding	1349.2	1,349.2	1,349.2	1,309.4	1,289.4	1,289.4	1,259.9	1,233.8	1,201.6	1,171.1	1,138.7	1,106.9	1,078.8	1,054.0	1,032.1
EPS	(2.1)	(7.9)	6.4	17.9	8.5	4.6	9.2	10.7	11.7	12.6	13.5	14.5	15.5	16.7	17.8
					-23.5%	-24.2%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%	-25.0%
EBITDA	10,649.6	15,123.6	25,166.4	29,365.2	18,871.7	20,103.8	24,559.5	26,476.2	27,849.9	28,863.3	29,913.9	31,003.1	32,132.2	33,478.8	34,698.7

Source: Team 4

Balance Sheet	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Check	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assets															
Cash and Equivalents	9,399.8	9,047.1	21,099.0	17,052.6	20,528.0	22,378.5	26,781.5	28,081.4	29,557.7	31,060.6	32,076.3	32,785.5	33,588.9	34,569.1	35,630.1
Accounts Receivable	3,035.8	2,915.2	6,531.5	9,607.0	5,918.4	6,454.5	7,511.4	8,114.3	8,551.4	8,863.8	9,187.6	9,523.2	9,871.1	10,231.7	10,605.4
Inventories	4,685.6	4,009.3	4,637.5	5,728.3	6,412.4	6,935.4	7,197.8	7,629.4	8,001.4	8,280.2	8,569.8	8,870.5	9,182.9	9,461.7	9,796.7
Recoverable taxes	997.2	406.9	360.7	549.6	933.6	933.6	933.6	933.6	933.6	933.6	933.6	933.6	933.6	933.6	933.6
Derivative financial instruments	260.3	484.0	470.3	3,048.5	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0	2,849.0
Advances to suppliers	170.5	43.2	59.6	108.1	111.5	111.5	111.5	111.5	111.5	111.5	111.5	111.5	111.5	111.5	111.5
Other Current Assets	335.1	1,052.3	944.4	1,028.6	730.3	730.3	730.3	730.3	730.3	730.3	730.3	730.3	730.3	730.3	730.3
Total Current Assets	18,884.2	17,958.0	34,102.9	37,122.6	37,483.2	40,392.9	46,115.1	48,449.6	50,735.0	52,829.1	54,458.1	55,803.7	57,267.3	58,886.9	60,656.7
Marketable securities	179.7	184.8	250.1	419.1	453.3	453.3	453.3	453.3	453.3	453.3	453.3	453.3	453.3	453.3	453.3
Recoverable taxes	708.9	834.6	1,269.2	1,406.4	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1	1,393.1
Deferred Taxes	2,134.0	8,677.0	8,729.9	3,986.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4	1,294.4
Derivative financial instruments	838.7	857.4	971.9	1,825.3	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4	1,537.4
Advances to suppliers	1,087.1	1,015.1	1,282.8	1,592.1	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9	2,113.9
Other assets	497.5	493.1	597.6	642.5	709.1	709.1	709.1	709.1	709.1	709.1	709.1	709.1	709.1	709.1	709.1
Biological Assets	10,571.5	11,161.2	12,248.7	14,632.2	18,187.2	20,577.7	22,012.5	23,372.7	24,790.0	26,259.0	27,781.7	29,359.9	30,995.7	32,691.2	34,448.6
Investments	322.4	359.1	524.1	612.5	643.5	643.5	643.5	643.5	643.5	643.5	643.5	643.5	643.5	643.5	643.5
PP&E	41,120.9	39,156.9	38,169.7	50,656.6	59,814.6	64,982.2	66,523.0	67,716.8	69,047.4	70,488.4	72,040.4	73,704.4	75,481.3	77,372.6	79,379.6
Right of use	3,850.2	4,344.1	4,794.0	5,109.2	5,268.0	5,346.3	5,534.8	5,769.2	6,023.8	6,282.2	6,545.2	6,813.5	7,087.9	7,369.2	7,657.8
Intangible	17,712.8	16,759.5	16,034.3	15,193.0	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2	14,877.2
Total Non Current Assets	79,024.0	83,842.8	84,872.2	96,075.3	106,291.7	113,928.1	117,092.2	119,880.5	122,883.1	126,051.5	129,389.1	132,899.6	136,586.8	140,454.8	144,507.9
Total Assets	97,908.2	101,800.7	118,975.2	133,198.0	143,774.9	154,321.0	163,207.3	168,330.1	173,618.0	178,880.5	183,847.3	188,703.3	193,854.2	199,341.7	205,164.6
Liabilities															
Trade accounts payable	2,376.5	2,361.1	3,288.9	6,206.6	5,845.2	6,321.9	6,561.0	6,954.5	7,293.6	7,547.7	7,811.7	8,085.8	8,370.5	8,624.7	8,930.0
Loans, financing and debentures	6,228.0	2,043.4	3,655.5	3,335.0	4,613.9	4,692.1	4,716.8	4,741.6	4,770.4	4,799.3	4,828.4	4,857.7	4,887.2	4,916.9	4,946.7
Revolver	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Lease liabilities	656.8	620.2	623.3	672.2	760.2	771.3	771.3	764.3	751.5	733.5	709.7	679.4	641.6	595.3	539.5
Derivative financial instruments	893.4	1,991.1	1,563.5	667.7	600.4	600.4	600.4	600.4	600.4	600.4	600.4	600.4	600.4	600.4	600.4
Taxes payable	307.6	170.5	339.6	449.1	399.6	399.6	399.6	399.6	399.6	399.6	399.6	399.6	399.6	399.6	399.6
Payroll and charges	400.4	492.7	590.5	674.5	759.6	821.6	852.7	903.8	947.9	980.9	1,015.2	1,050.8	1,087.8	1,120.9	1,160.5
Other Liabilities	616.5	493.8	1,490.0	2,487.4	523.5	523.5	523.5	523.5	523.5	523.5	523.5	523.5	523.5	523.5	523.5
Total Current Liabilities	11,479.2	8,172.8	11,551.2	14,492.5	13,502.3	14,130.4	14,425.3	14,887.7	15,286.7	15,584.9	15,888.5	16,197.3	16,510.6	16,781.2	17,100.3
Loans, financing and debentures	57,456.4	70,856.5	75,973.1	71,239.6	73,848.3	75,100.9	75,495.7	75,892.6	76,353.2	76,816.6	77,282.8	77,751.8	78,223.7	78,698.4	79,176.1
Lease liabilities	3,327.2	4,571.6	5,269.9	5,510.4	5,665.4	5,748.4	5,748.4	5,696.3	5,600.3	5,466.4	5,289.4	5,063.3	4,781.6	4,436.8	4,020.7
Derivative financial instruments	2,024.5	6,126.3	6,331.1	4,179.1	3,054.4	5,746.9	5,907.5	5,401.6	5,530.4	5,707.1	5,885.7	6,066.2	6,248.6	6,433.0	6,619.4
Provision for judicial and social liabilities	4,248.7	4,041.0	3,907.8	3,947.7	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6	3,902.6
Other Liabilities	1,284.3	695.2	767.0	662.3	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7	591.7
Total Non current Liabilities	68,341.1	86,290.5	92,248.8	85,539.1	87,062.4	91,090.5	91,645.8	91,484.8	91,978.2	92,484.4	92,952.2	93,375.6	93,748.2	94,062.6	94,310.5
Total Liabilities	79,820.3	94,463.4	103,800.0	100,031.6	100,564.7	105,220.9	106,071.1	106,372.4	107,265.0	108,069.3	108,840.7	109,572.9	110,258.9	110,843.8	111,410.7
Share Capital	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5	9,235.5
Treasury shares	(218.3)	(218.3)	(218.3)	(2,120.3)	(1,459.4)	(1,459.4)	(3,459.4)	(5,459.4)	(8,259.4)	(11,259.4)	(14,859.4)	(18,859.4)	(22,859.4)	(26,859.4)	(30,859.4)
Retained earnings and Profit															
Reserves	317.1	-	3,927.8	24,207.9	33,680.6	39,570.5	49,606.6	56,428.0	63,623.5	71,081.6	78,876.9	87,000.8	95,465.7	104,368.3	113,624.3
Other reserves	8,753.5	(1,679.9)	2,230.0	1,843.3	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4	1,753.4
Total Equity	18,088.0	7,337.4	15,175.1	33,166.4	43,210.2	49,100.1	57,136.2	61,957.6	66,353.1	70,811.2	75,006.6	79,130.4	83,595.3	88,497.9	93,753.9
Total Liabilities and ShareHolder's Equity	97,908.2	101,800.7	118,975.2	133,198.0	143,774.9	154,321.0	163,207.3	168,330.1	173,618.0	178,880.5	183,847.3	188,703.3	193,854.2	199,341.7	205,164.6

Source: Team 4

Cash Flow Statement	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	(2,814.7)	(10,714.9)	8,635.5	23,394.9	10,924.2	5,889.9	11,567.2	13,191.6	14,071.1	14,746.2	15,423.1	16,082.3	16,758.5	17,593.4	18,326.4
D&A and Depletion	8,053.0	6,716.4	7,038.1	7,426.8	7,759.5	7,868.5	6,582.4	6,571.4	6,762.1	6,952.6	7,152.8	7,362.8	7,583.0	7,813.6	8,054.8
Interest expense on lease liabilities	226.1	397.7	427.9	433.6	507.2	702.5	708.0	705.8	697.2	683.7	665.3	641.3	610.9	573.4	527.7
Accrued Interest on Debt	3,152.6	3,673.9	3,377.9	3,011.0	2,636.4	2,914.4	2,978.8	2,981.7	2,992.2	3,013.6	3,035.8	3,058.1	3,080.6	3,103.2	3,126.0
Impairment/Write-Off on Assets	77.9	(8.4)	(412.6)	0.5	174.0	-	-	-	-	-	-	-	-	-	-
(Gain) Loss on derivatives					(3,089.9)	2,692.6	160.6	(505.9)	128.8	176.7	178.6	180.5	182.4	184.4	186.4
Deferred Taxes															
FX Variation	1,964.9	12,530.9	3,800.8	(3,294.6)	(1,833.8)	1,330.9	419.5	421.7	489.4	492.3	495.3	498.3	501.4	504.4	507.5
Net decrease/(increase) in WC Assets	(3,331.3)	796.9	(4,244.4)	(4,166.3)	3,004.5	(1,059.2)	(1,319.2)	(1,034.6)	(809.1)	(591.2)	(613.4)	(636.4)	(660.2)	(639.4)	(708.7)
Net increase/(decrease) in WC Liabilities	1,910.1	76.9	1,025.6	3,001.7	(276.3)	538.7	270.2	444.6	383.2	287.1	298.3	309.8	321.7	287.2	345.0
Others					112.2	-	-	-	-	-	-	-	-	-	-
Free Cash Flow from Operations	7,884.4	13,125.4	17,643.9	21,647.2	18,784.2	20,878.2	21,367.5	22,776.2	24,714.8	25,761.2	26,635.8	27,496.8	28,378.3	29,420.2	30,365.1
Additions to property, plant and equipment	(2,001.7)	(1,503.3)	(2,150.6)	(9,791.2)	(11,718.7)	(8,606.7)	(5,165.9)	(4,897.0)	(5,102.8)	(5,289.1)	(5,482.1)	(5,682.2)	(5,889.5)	(6,104.5)	(6,327.3)
Additions to intangible	(17.7)	(2.3)	(285.3)	(90.5)	(5.7)	-	-	-	-	-	-	-	-	-	-
Additions to biological assets	(2,849.0)	(3,392.3)	(3,807.6)	(4,957.4)	(6,388.9)	(6,116.8)	(3,671.4)	(3,480.3)	(3,626.6)	(3,758.9)	(3,896.1)	(4,038.3)	(4,185.7)	(4,338.4)	(4,496.8)
Marketable securities, net	19,378.9	3,841.5	(5,216.9)	67.4	(7,291.6)	-	-	-	-	-	-	-	-	-	-
Advances for acquisition of wood	(355.4)	135.7	(257.7)	(355.4)	(553.9)	-	-	-	-	-	-	-	-	-	-
Others	(25,850.0)	184.3	1,359.4	(1,888.7)	(2,560.7)	-	-	-	-	-	-	-	-	-	-
Free Cash Flow from Investing Activities	(11,695.0)	(736.4)	(10,358.7)	(17,015.8)	(28,519.5)	(14,723.5)	(8,837.3)	(8,377.3)	(8,729.4)	(9,048.0)	(9,378.2)	(9,720.5)	(10,075.2)	(10,442.9)	(10,824.0)
Debt Amortization	18,993.8	14,761.8	16,992.0	1,335.7	9,162.7	(2,914.4)	(2,978.8)	(2,981.7)	(2,992.2)	(3,013.6)	(3,035.8)	(3,058.1)	(3,080.6)	(3,103.2)	(3,126.0)
Lease cash payment	(14,639.8)	(19,917.1)	(16,481.6)	(3,562.1)	(4,666.7)	(1,389.8)	(1,617.4)	(1,747.2)	(1,841.3)	(1,908.6)	(1,978.3)	(2,050.5)	(2,125.5)	(2,203.1)	(2,283.6)
Settlement of derivative operations	(135.4)	(4,465.6)	(1,921.3)	282.2	(944.7)	-	-	-	-	-	-	-	-	-	-
Payment of debts with acquisition of assets	(469.3)	(164.2)	(153.4)	(107.9)	(116.9)	-	-	-	-	-	-	-	-	-	-
Interest on equity capital and Dividends	(606.6)	-	(9.7)	(4,150.8)	(2.4)	-	(1,531.1)	(6,370.2)	(6,875.6)	(7,288.1)	(7,627.8)	(7,958.5)	(8,293.6)	(8,690.8)	(9,070.5)
Treasury Shares	(0.9)	-	-	(1,904.4)	(880.9)	-	(2,000.0)	(2,000.0)	(2,800.0)	(3,000.0)	(3,600.0)	(4,000.0)	(4,000.0)	(4,000.0)	(4,000.0)
Revolver					-	-	-	-	-	-	-	-	-	-	-
Free Cash Flow from Financing Activities	3,141.8	(9,785.1)	(1,573.9)	(8,107.2)	2,551.1	(4,304.2)	(8,127.2)	(13,099.0)	(14,509.1)	(15,210.3)	(16,241.9)	(17,067.1)	(17,499.7)	(17,997.1)	(18,480.0)
Free Cash Flow	(3,810.6)	12,389.0	7,285.2	4,631.5	(9,735.3)	6,154.8	12,530.2	14,398.9	15,985.4	16,713.2	17,257.6	17,776.3	18,303.1	18,977.3	19,541.1
FX Impact															
Net Change in Cash	(16,086.3)	(352.6)	12,051.9	(4,046.5)	3,475.4	1,850.6	4,403.0	1,300.0	1,476.3	1,502.9	1,015.7	709.2	803.4	980.2	1,061.1

Source: Team 4

Segments	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Pulp (Cerrado Included)															
Net Revenue	21,027.7	25,578.3	34,715.2	41,384.3	30,067.0	32,915.0	39,520.4	41,148.6	42,606.9	44,164.0	45,777.9	47,450.8	49,184.7	50,981.9	52,844.7
COGS (-)	(17,440.0)	(15,754.9)	(16,727.4)	(20,886.7)	(19,774.3)	(21,528.4)	(22,569.5)	(23,153.5)	(23,932.4)	(24,754.0)	(25,607.9)	(26,495.1)	(27,416.8)	(28,198.1)	(29,185.9)
Gross Profit	3,587.7	9,823.3	17,987.8	20,497.6	10,292.8	11,386.6	16,950.9	17,995.1	18,674.5	19,410.0	20,170.1	20,955.7	21,767.9	22,783.8	23,658.8
Selling Expenses	(1,504.2)	(1,770.0)	(1,782.8)	(1,858.4)	(1,879.9)	(1,740.9)	(1,917.2)	(1,996.2)	(2,066.9)	(2,142.4)	(2,220.7)	(2,301.9)	(2,386.0)	(2,473.2)	(2,563.6)
General and Administrative Expenses	(806.8)	(1,016.1)	(1,129.6)	(1,211.5)	(1,274.5)	(1,286.9)	(1,417.2)	(1,475.6)	(1,527.9)	(1,583.7)	(1,641.6)	(1,701.6)	(1,763.8)	(1,828.2)	(1,895.0)
Other Operating Income (Expenses)	209.6	390.2	1,223.0	768.6	1,078.1	752.7	903.8	941.0	974.4	1,010.0	1,046.9	1,085.2	1,124.8	1,165.9	1,208.5
Equity Equivalence	12.3	(13.5)	(0.8)	244.6	(21.2)	-	-	-	-	-	-	-	-	-	-
EBIT	1,498.6	7,413.9	16,297.6	18,440.9	8,195.3	9,111.5	14,520.3	15,464.4	16,054.1	16,693.8	17,354.6	18,037.4	18,742.9	19,648.3	20,408.8
D&A	7,575.6	6,232.4	6,437.8	6,737.9	7,071.7	7,245.3	6,123.0	6,112.9	6,287.2	6,461.4	6,644.4	6,836.4	7,037.7	7,248.4	7,469.0
EBITDA	9,074.2	13,646.3	22,735.4	25,178.8	15,267.0	16,356.8	20,643.2	21,577.3	22,341.3	23,155.3	23,999.0	24,873.8	25,780.6	26,896.8	27,877.8
	43.2%	53.4%	65.5%	60.8%	50.8%	49.7%	52.2%	52.4%	52.4%	52.4%	52.4%	52.4%	52.4%	52.8%	52.8%
Paper															
Net Revenue	4,985.3	4,882.0	6,250.2	8,446.6	8,871.6	9,551.4	9,899.2	12,238.0	13,655.5	14,153.8	14,670.2	15,205.5	15,760.4	16,335.5	16,931.5
COGS (-)	(3,303.5)	(3,211.4)	(3,888.2)	(4,863.3)	(5,064.8)	(5,336.5)	(5,311.6)	(6,399.6)	(7,061.8)	(7,320.0)	(7,587.9)	(7,865.7)	(8,153.8)	(8,452.5)	(8,762.2)
Gross Profit	1,681.8	1,670.6	2,362.0	3,583.3	3,806.7	4,214.9	4,587.6	5,838.5	6,593.7	6,833.7	7,082.3	7,339.9	7,606.6	7,883.0	8,169.3
Selling Expenses	(401.1)	(404.6)	(508.9)	(624.8)	(700.8)	(820.9)	(850.8)	(1,051.8)	(1,173.6)	(1,216.4)	(1,260.8)	(1,306.8)	(1,354.5)	(1,403.9)	(1,455.2)
General and Administrative Expenses	(366.6)	(427.1)	(448.3)	(498.2)	(556.3)	(638.5)	(661.7)	(818.0)	(912.8)	(946.1)	(980.6)	(1,016.4)	(1,053.5)	(1,091.9)	(1,131.8)
Other Operating Income (Expenses)	68.1	141.0	425.0	353.2	352.4	368.2	381.6	471.8	526.5	545.7	565.6	586.2	607.6	629.8	652.7
Equity Equivalence	19.7	49.7	52.7	39.7	15.4	-	-	-	-	-	-	-	-	-	-
EBIT	1,001.9	1,029.5	1,882.6	2,853.2	2,917.4	3,123.8	3,456.8	4,440.4	5,033.8	5,216.9	5,406.5	5,602.8	5,806.2	6,016.9	6,235.1
D&A	516.3	540.4	603.8	670.0	687.8	623.2	459.4	458.5	474.9	491.2	508.4	526.4	545.3	565.1	585.8
EBITDA	1,518.2	1,569.9	2,486.5	3,523.2	3,605.2	3,747.0	3,916.2	4,898.9	5,508.6	5,708.1	5,914.9	6,129.3	6,351.6	6,582.0	6,820.9

Source: Team 4

Volume	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Capacity Ex Cerrado															
Utilization										-	-	-	-	-	-
Foreign Market	8,580,690.0	10,036,495.0	9,789,129.0	9,789,129.0	9,264,832.8	9,488,540.2	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0	9,512,085.0
YoY%		17%	-2%	0%	-5%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Domestic Market	830,962.0	786,621.0	796,708.0	796,708.0	698,590.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0	711,512.0
YoY%		-5%	1%	0%	-12%	2%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Project Cerrado															
Foreign Market	-	-	-	-	-	682,103.1	2,283,562.6	2,372,532.6	2,372,532.6	2,372,532.6	2,372,532.6	2,372,532.6	2,372,532.6	2,372,532.6	2,372,532.6
YoY%							235%	4%	0%	0%	0%	0%	0%	0%	0%
Domestic Market	-	-	-	-	-	51,021.9	170,812.4	177,467.4	177,467.4	177,467.4	177,467.4	177,467.4	177,467.4	177,467.4	177,467.4
YoY%							235%	4%	0%	0%	0%	0%	0%	0%	0%
Utilization															
Foreign Market as % of total															
Paper [Tn]															
Foreign Market	403,050.0	375,063.0	371,338.0	371,338.0	346,283.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0	384,008.0
YoY%		-7%	-1%	0%	-7%	11%	0%	0%	0%	0%	0%	0%	0%	0%	0%
Domestic Market	853,411.0	1,164,604.0	922,909.0	922,909.0	889,232.0	938,788.0	938,788.0	1,168,288.0	1,278,788.0	1,278,788.0	1,278,788.0	1,278,788.0	1,278,788.0	1,278,788.0	1,278,788.0
YoY%		36%	-21%	0%	-4%	6%	0%	24%	9%	0%	0%	0%	0%	0%	0%
Price	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Pulp [USD per Tn]															
Foreign Market	584.7	464.3	613.3	756.0	599.5	590.0	602.8	617.3	633.0	649.1	665.7	682.6	700.0	717.9	736.2
YoY%		-21%	32%	23%	-21%	-2%	2%	2%	3%	3%	3%	3%	3%	3%	3%
Domestic Market	564.6	399.3	545.5	687.0	631.0	577.5	582.8	597.3	613.0	629.1	645.7	662.6	680.0	697.9	716.2
YoY%		-29%	37%	26%	-8%	-8%	1%	2%	3%	3%	3%	3%	3%	3%	3%
Real Prices (Adjusted for US inflation)															
Paper [USD per Tn]															
Foreign Market	948.3	790.8	929.3	1,423.3	1,351.3	1,029.7	1,028.8	1,055.0	1,081.9	1,109.5	1,137.7	1,166.7	1,196.5	1,227.0	1,258.3
YoY%		-17%	18%	53%	-5%	-24%	0%	3%	3%	3%	3%	3%	3%	3%	3%
Domestic Market	1,037.7	820.3	877.8	1,188.8	1,473.3	1,573.8	1,613.8	1,654.9	1,697.1	1,740.4	1,784.8	1,830.3	1,876.9	1,924.8	1,973.8
YoY%		-21%	7%	35%	24%	7%	3%	3%	3%	3%	3%	3%	3%	3%	3%

COGS & SG&A	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Pulp Cash Cost (Ex Cerrado)															
Production Cash Cost [BRL/Tn]	706.8	639.8	711.3	927.1	960.8	954.3	992.0	1,026.7	1,063.0	1,101.8	1,142.0	1,183.7	1,226.9	1,271.7	1,318.1
Maintenance Downtime Impact	178.0	142.0	84.0	167.1	197.0	191.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0	140.0
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other Cost Changes	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash Cost (Ex-Downtime on historicals)	2,649.0	2,417.0	2,761.0	3,541.3	3,646.0	3,626.1	3,828.0	3,966.9	4,112.2	4,267.3	4,428.2	4,594.9	4,767.6	4,946.7	5,132.3
Cash Cost [USD/Tn]	178.0	119.2	131.3	179.9	194.5	187.1	191.4	196.3	201.3	206.4	211.7	217.1	222.6	228.3	234.1
Real Cash Cost (Adj for US inflation)					194.3	183.3	182.9	182.9	182.9	182.9	182.9	182.9	182.9	182.9	182.9
BRL Denominated Costs	0.0%	0.0%	0.0%	0.0%	21.3%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%	85.0%
USD Denominated Costs	0.0%	0.0%	0.0%	0.0%	3.8%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%	15.0%
Fixed Costs	21.4%	21.9%	21.1%	18.5%	20.5%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%	20.9%
Variable Costs	78.6%	78.1%	78.9%	81.5%	79.5%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%	79.1%
Fixed Costs	1,402.3	1,513.6	1,581.3	1,809.2	1,964.1	2,010.7	2,085.2	2,155.2	2,228.2	2,305.9	2,386.2	2,469.3	2,555.3	2,644.3	2,736.4
Cost of Production - Variable	5,340.5	5,333.8	5,824.5	7,735.7	7,571.9	7,524.7	7,672.1	8,054.5	8,344.3	8,656.0	8,979.1	9,313.9	9,661.0	10,020.8	10,393.7
Freight costs	2,629.7	4,069.6	4,027.6	3,842.9	3,451.0	3,717.8	3,882.5	4,018.4	4,160.6	4,312.4	4,469.7	4,632.8	4,801.9	4,977.1	5,158.7
Forest Cost	282.3	324.7	317.6	317.6	299.8	317.3	330.5	342.0	354.1	367.0	380.4	394.3	408.7	423.6	439.1
Total Cash CCOGS (Est)	9,654.8	11,241.6	11,751.0	13,705.3	13,286.8	13,570.5	13,970.2	14,570.1	15,087.2	15,641.3	16,215.4	16,810.4	17,426.9	18,065.8	18,727.9
Total Cash COGS/Tn	1,048.1	879.8	972.0	1,336.6	1,274.9	1,306.4	1,297.3	1,334.0	1,381.4	1,432.1	1,484.6	1,539.0	1,595.4	1,640.1	1,700.1
Freight [USD/tn]	70.0	70.0	70.0	70.0	70.1	71.5	73.3	75.1	77.1	79.0	81.0	83.1	85.2	87.4	89.6
Forest Cost [BRL/tn]	30.0	30.0	30.0	30.0	30.1	31.1	32.3	33.5	34.6	35.9	37.2	38.6	40.0	41.4	42.9
Cost Inflation	49.2%	4.2%	-0.8%	3.1%	1.4%	1.0%	0.8%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%
SG&A	(2,311.0)	(2,786.1)	(2,912.4)	(3,069.9)	(3,154.4)	(3,027.8)	(3,334.4)	(3,471.8)	(3,594.8)	(3,726.2)	(3,862.3)	(4,003.5)	(4,149.8)	(4,301.4)	(4,458.6)
SG&A as % of Sales	-11.1%	-10.9%	-8.4%	-7.5%	-10.7%	-9.3%	-8.4%	-8.4%	-8.4%	-8.4%	-8.4%	-8.4%	-8.4%	-8.4%	-8.4%

Source: Team 4

CapEx & Depreciation	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
CF Statement CapEx	4,868.4	4,898	6,243.5	14,839.1	21,295.7	20,840.2	12,508.6	11,857.6	12,356.0	12,806.9	13,274.3	13,758.8	14,260.9	14,781.4	15,320.8
PP&E	2,001.7	1,503.3	2,150.6	9,791.2	15,114.4	14,723.5	8,837.3	8,377.3	8,729.4	9,048.0	9,378.2	9,720.5	10,075.2	10,442.9	10,824.0
Intangibles	17.7	2.3	285.3	90.5	0.2	-	-	-	-	-	-	-	-	-	-
Biological Assets	2,849.0	3,392.3	3,807.6	4,957.4	6,181.0	6,116.8	3,671.4	3,480.3	3,626.6	3,758.9	3,896.1	4,038.3	4,185.7	4,338.4	4,496.8
D&A	8,053.0	6,716.4	7,038.1	7,426.8	(6,149.0)	(6,462.3)	(5,140.8)	(5,075.5)	(5,200.9)	(5,323.3)	(5,454.3)	(5,593.8)	(5,741.9)	(5,898.8)	(6,064.4)
PP&E			2,085.9	2,594.1	3,028.2	3,439.2	3,625.0	3,703.3	3,772.2	3,848.1	3,930.1	4,018.2	4,112.6	4,213.2	4,320.2
ROU Assets			(508.6)	(592.5)	(683.0)	(703.1)	(720.8)	(747.9)	(780.6)	(814.7)	(849.3)	(884.5)	(920.5)	(957.4)	(995.2)
Intangibles			-	-	-	-	-	-	-	-	-	-	-	-	-
Depletion			-	-	3,803.8	3,726.3	2,236.6	2,120.1	2,209.3	2,289.9	2,373.5	2,460.1	2,549.9	2,642.9	2,739.4
CapEx (Consolidated)	5,223.9	4,810.0	6,436.8	17,783.6	19,303.0	14,723.5	8,837.3	8,377.3	8,729.4	9,048.0	9,378.2	9,720.5	10,075.2	10,442.9	10,824.0
Maintance Expenditures	3,660.0	3,406.0	4,651.0	5,632.0	6,818.3	6,788.8	6,598.4	6,992.3	7,296.7	7,563.0	7,838.9	8,125.0	8,421.4	8,728.7	9,047.2
Expansion/Modernization Aracruz and Limeira	1,563.9	1,404.0	956.8	4,784.6	3,547.7	2,090.2	1,253.0	1,355.2	1,432.7	1,485.0	1,539.3	1,595.5	1,653.8	1,714.2	1,776.8
Expansions	-	-	-	-	-	744.5	985.8	29.8	-	-	-	-	-	-	-
Project Cerrado	-	-	829.0	7,367.0	8,937.0	5,100.0	-	-	-	-	-	-	-	-	-
New Aracruz plant (real terms)															
Limeira (real terms)															
Maintance Capex/ Tn	343.1	275.5	391.5	474.1	608.8	553.9	471.3	488.1	505.4	523.9	543.0	562.8	583.3	604.6	626.7
Expansion as % Revenue	6.0%	4.6%	2.3%	9.6%	9.1%	4.9%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Real Maintance CapEx															

Source: Team 4

	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Cerrado															
Real Cash Cost [BRL/tn]															
Nominal Cash Cost [BRL/Tn]															
Cash Cost [USD/Tn]	-	-	-	-	-	61.0	118.2	106.6	109.3	112.1	115.0	117.9	120.9	111.6	114.4
Freight [USD/Tn]	-	-	-	-	-	37.6	76.7	78.6	80.6	82.7	84.8	87.0	89.2	91.4	93.8
Freight [BRL/Tn]	-	-	-	-	-	193.7	397.4	411.3	425.8	441.4	457.5	474.2	491.5	509.4	528.0
Cash COGS Cerrado [Nominal]	-	-	-	-	-	712.6	2,476.4	2,470.5	2,557.9	2,651.3	2,748.0	2,848.3	2,952.2	2,883.8	2,989.1
SG&A	-	-	-	-	-	(190.5)	(645.6)	(693.1)	(717.6)	(743.9)	(771.0)	(799.2)	(828.4)	(858.7)	(890.1)
SG&A as % of Sales	0%	0%	0%	0%	-3%	-9%	-8%	-8%	-8%	-8%	-8%	-8%	-8%	-8%	-8%
Paper															
Cash COGS (Reported)	(2,787.2)	(2,671.0)	(3,284.4)	(4,193.3)	(4,329.3)	(4,713.3)	(4,852.1)	(5,941.1)	(6,586.9)	(6,828.8)	(7,079.5)	(7,339.3)	(7,608.4)	(7,887.4)	(8,176.4)
Cash COGS per Tn [BRL/Tn]	(2,221.0)	(1,916.6)	(2,527.3)	(3,237.0)	(3,509.2)	(3,563.1)	(3,668.1)	(3,825.6)	(3,961.4)	(4,106.8)	(4,257.6)	(4,413.8)	(4,575.7)	(4,743.4)	(4,917.3)
SG&A	(767.7)	(831.7)	(957.2)	(1,123.1)	(1,185.0)	(1,313.9)	(1,361.7)	(1,683.4)	(1,878.4)	(1,946.9)	(2,018.0)	(2,091.6)	(2,167.9)	(2,247.0)	(2,329.0)
SG&A as % Sales	-15.5%	-17.1%	-15.3%	-13.3%	-13.3%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%	-13.8%

Source: Team 4

CapEx & Depreciation	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
PP&E Schedule															
BOP	17,020.3	41,120.9	39,156.9	38,169.7	50,656.6	59,814.6	64,982.2	66,523.0	67,716.8	69,047.4	70,488.4	72,040.4	73,704.4	75,481.3	77,372.6
Additions			-		11,877.1	8,606.7	5,165.9	4,897.0	5,102.8	5,289.1	5,482.1	5,682.2	5,889.5	6,104.5	6,327.3
Depreciation					(3,028.2)	(3,439.2)	(3,625.0)	(3,703.3)	(3,772.2)	(3,848.1)	(3,930.1)	(4,018.2)	(4,112.6)	(4,213.2)	(4,320.2)
Other					309.1	-	-	-	-	-	-	-	-	-	-
EOP	41,120.9	39,156.9	38,169.7	50,656.6	59,814.6	64,982.2	66,523.0	67,716.8	69,047.4	70,488.4	72,040.4	73,704.4	75,481.3	77,372.6	79,379.6
Additions as % of CapEx															
D&A as % of CapEX															
D&A as % of PP&E															
Accumulated Cerrado CapEx															
Cerrado Maintance CapEx					-	607.7	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6
D&A of Cerrado															
						(607.7)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)	(1,229.6)
Intagibles Schedule															
BOP	339.8	17,712.8	16,759.5	16,034.3	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0
Additions					-	-	-	-	-	-	-	-	-	-	-
Amortization					-	-	-	-	-	-	-	-	-	-	-
Other					-	-	-	-	-	-	-	-	-	-	-
EOP	17,712.8	16,759.5	16,034.3	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0	15,193.0
Biological Assets															
BOP	4,935.9	10,571.5	11,161.2	12,248.7	14,632.2	18,155.3	20,545.8	21,980.6	23,340.7	24,758.0	26,227.1	27,749.7	29,327.9	30,963.8	32,659.3
Additions					6,181.0	6,116.8	3,671.4	3,480.3	3,626.6	3,758.9	3,896.1	4,038.3	4,185.7	4,338.4	4,496.8
Depletion					(3,804.7)	(3,726.3)	(2,236.6)	(2,120.1)	(2,209.3)	(2,289.9)	(2,373.5)	(2,460.1)	(2,549.9)	(2,642.9)	(2,739.4)
Other					1,146.8	-	-	-	-	-	-	-	-	-	-
EOP	10,571.5	11,161.2	12,248.7	14,632.2	18,155.3	20,545.8	21,980.6	23,340.7	24,758.0	26,227.1	27,749.7	29,327.9	30,963.8	32,659.3	34,416.7

Source: Team 4

Working Capital	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Working Capital Assets															
Accounts Receivable	3,035.8	2,915.2	6,531.5	9,607.0	5,918.4	6,454.5	7,511.4	8,114.3	8,551.4	8,863.8	9,187.6	9,523.2	9,871.1	10,231.7	10,605.4
Days of Revenue	42.6	34.9	58.2	70.4	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Inventories	4,685.6	4,009.3	4,637.5	5,728.3	6,412.4	6,935.4	7,197.8	7,629.4	8,001.4	8,280.2	8,569.8	8,870.5	9,182.9	9,461.7	9,796.7
Days of COGS	82.4	77.2	82.1	84.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2
Working Capital Liabilities															
Trade accounts payable	2,376.5	2,361.1	3,288.9	6,206.6	5,845.2	6,321.9	6,561.0	6,954.5	7,293.6	7,547.7	7,811.7	8,085.8	8,370.5	8,624.7	8,930.0
Days of COGS	41.8	45.4	58.2	91.3	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9
Payroll and charges	400.4	492.7	590.5	674.5	759.6	821.6	852.7	903.8	947.9	980.9	1,015.2	1,050.8	1,087.8	1,120.9	1,160.5
Days of COGS	7.0	9.5	10.5	9.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Investment in WC Assets	(3,331.3)	796.9	(4,244.4)	(4,166.3)	3,004.5	(1,059.2)	(1,319.2)	(1,034.6)	(809.1)	(591.2)	(613.4)	(636.4)	(660.2)	(639.4)	(708.7)
Investment in WC Liabilities	1,910.1	76.9	1,025.6	3,001.7	(276.3)	538.7	270.2	444.6	383.2	287.1	298.3	309.8	321.7	287.2	345.0

Source: Team 4

Right of Use Schedule	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
ROU Asset															
BOP	-	3,850.2	4,344.1	4,794.0	5,109.2	5,268.0	5,346.3	5,534.8	5,769.2	6,023.8	6,282.2	6,545.2	6,813.5	7,087.9	7,369.2
Additions			964.5	982.7	830.4	781.4	909.3	982.3	1,035.2	1,073.0	1,112.2	1,152.9	1,195.0	1,238.6	1,283.9
Depreciation			(508.6)	(592.5)	(683.0)	(703.1)	(720.8)	(747.9)	(780.6)	(814.7)	(849.3)	(884.5)	(920.5)	(957.4)	(995.2)
Other															
EOP	3,850.2	4,344.1	4,794.0	5,109.2	5,268.0	5,346.3	5,534.8	5,769.2	6,023.8	6,282.2	6,545.2	6,813.5	7,087.9	7,369.2	7,657.8
Additions as % of Revenue			2.4%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%	2.0%
Depreciations as % BOP			-11.7%	-12.4%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%	-12%
ROU Liabilities															
BOP	-	3,984.1	5,191.8	5,893.2	6,182.5	6,425.6	6,519.7	6,519.7	6,460.6	6,351.8	6,199.9	5,999.1	5,742.7	5,423.2	5,032.1
Additions	-	-	964.5	982.7	830.4	781.4	909.3	982.3	1,035.2	1,073.0	1,112.2	1,152.9	1,195.0	1,238.6	1,283.9
Cash Payment			(1,021.1)	(1,044.1)	(1,182.7)	(1,389.8)	(1,617.4)	(1,747.2)	(1,841.3)	(1,908.6)	(1,978.3)	(2,050.5)	(2,125.5)	(2,203.1)	(2,283.6)
Other			-	-	11.3	-	-	-	-	-	-	-	-	-	-
Financial Charges			612.0	560.6	668.9	702.5	708.0	705.8	697.2	683.7	665.3	641.3	610.9	573.4	527.7
FX			194.4	(186.2)	(102.7)	-	-	-	-	-	-	-	-	-	-
EOP	3,984.1	5,191.8	5,893.2	6,182.5	6,425.6	6,519.7	6,519.7	6,460.6	6,351.8	6,199.9	5,999.1	5,742.7	5,423.2	5,032.1	4,560.2
Cash Payment as % of Revenue	0.0%	0.0%	-2.5%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%	-2.1%
Financial Charges as % of BOP	#DIV/0!	0.0%	11.8%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%	9.5%
Current Portion	16.5%	11.9%	10.6%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%	10.9%
Non-Current Portion	83.5%	88.1%	89.4%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%	89.1%

Source: Team 4

Debt and Revolver	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Current Debt															
BOP	3,426.7	6,228.0	2,043.4	3,655.5	3,335.0	4,613.9	4,692.1	4,716.8	4,741.6	4,770.4	4,799.3	4,828.4	4,857.7	4,887.2	4,916.9
Additions					707.6	2,914.4	2,978.8	2,981.7	2,992.2	3,013.6	3,035.8	3,058.1	3,080.6	3,103.2	3,126.0
Amortization					(707.6)	(2,914.4)	(2,978.8)	(2,981.7)	(2,992.2)	(3,013.6)	(3,035.8)	(3,058.1)	(3,080.6)	(3,103.2)	(3,126.0)
FX Variation					(5.2)	78.3	24.7	24.8	28.8	29.0	29.1	29.3	29.5	29.7	29.8
Other					-	-	-	-	-	-	-	-	-	-	-
EOP	6,228.0	2,043.4	3,655.5	3,335.0	4,613.9	4,692.1	4,716.8	4,741.6	4,770.4	4,799.3	4,828.4	4,857.7	4,887.2	4,916.9	4,946.7
Non Current Debt															
BOP	32,310.8	57,456.4	70,856.5	75,973.1	71,239.6	73,848.3	75,100.9	75,495.7	75,892.6	76,353.2	76,816.6	77,282.8	77,751.8	78,223.7	78,698.4
Additions					-	-	-	-	-	-	-	-	-	-	-
Migration to ST					(707.6)	(2,914.4)	(2,978.8)	(2,981.7)	(2,992.2)	(3,013.6)	(3,035.8)	(3,058.1)	(3,080.6)	(3,103.2)	(3,126.0)
FX variation					(83.7)	1,252.6	394.8	396.9	460.6	463.4	466.2	469.0	471.9	474.7	477.6
Other					707.6	2,914.4	2,978.8	2,981.7	2,992.2	3,013.6	3,035.8	3,058.1	3,080.6	3,103.2	3,126.0
EOP	57,456.4	70,856.5	75,973.1	71,239.6	73,848.3	75,100.9	75,495.7	75,892.6	76,353.2	76,816.6	77,282.8	77,751.8	78,223.7	78,698.4	79,176.1
Revolver Plug															
Cash BOP					20,473.7	20,991.0	25,984.4	27,823.0	29,163.1	30,723.9	31,913.7	32,599.3	33,379.3	34,319.0	35,356.1
Period Cash Flows (Ex Revolver)					(7,184.2)	1,850.6	4,403.0	1,300.0	1,476.3	1,502.9	1,015.7	709.2	803.4	980.2	1,061.1
Expected Cash Balance					13,289.5	22,841.6	30,387.3	29,123.0	30,639.4	32,226.8	32,929.4	33,308.5	34,182.7	35,299.2	36,417.1
Minimum Cash Balance (-)					20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0	20,000.0
Ammount to pay down (Borrow)					(6,710.5)	2,841.6	10,387.3	9,123.0	10,639.4	12,226.8	12,929.4	13,308.5	14,182.7	15,299.2	16,417.1

Source: Team 4

Financial Result	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
% Local Debt															
% Forening Debt															
%Acrued	-75%	-82%	-94%	-75%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%	-74.7%
Financial Expenses (Ex ROU)	(4,178.8)	(4,459.4)	(3,609.3)	(4,029.8)	(4,122.8)	(4,673.0)	(4,776.3)	(4,780.8)	(4,797.8)	(4,832.1)	(4,867.6)	(4,903.4)	(4,939.4)	(4,975.7)	(5,012.3)
Total Debt with Derivatives	66,807.8	80,367.6	87,401.8	83,627.5	85,902.9	89,926.4	90,506.4	90,422.2	91,040.4	91,709.4	92,383.3	93,062.2	93,746.0	94,434.8	95,128.6
Intrest	-6.3%	-5.5%	-4.1%	-4.8%	-4.8%	-5.2%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%	-5.3%
FX Result	(1,964.9)	(12,530.9)	(3,800.8)	3,294.6	88.9	(1,330.9)	(419.5)	(421.7)	(489.4)	(492.3)	(495.3)	(498.3)	(501.4)	(504.4)	(507.5)
Financial Revenues	493.2	327.5	272.6	967.0	1,649.4	1,738.4	2,108.2	2,330.9	2,438.3	2,568.3	2,679.3	2,743.8	2,807.8	2,883.8	2,969.7
Cash	9,399.8	9,047.1	21,099.0	17,052.6	20,528.0	22,378.5	26,781.5	28,081.4	29,557.7	31,060.6	32,076.3	32,785.5	33,588.9	34,569.1	35,630.1
Interest	2.8%	3.6%	1.8%	5.1%	9%	8.1%	8.6%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%	8.5%
Derivative and Hedge	(1,075.3)	(9,422.7)	(1,597.7)	6,761.6	4,127.4	(903.7)	(174.7)	(150.3)	(174.8)	(176.7)	(178.6)	(180.5)	(182.4)	(184.4)	(186.4)
Cash Flow Derivatives Notional [USD]					3,564.0	1,395.0	358.0	358.0	358.0	358.0	358.0	358.0	358.0	358.0	358.0
Maturity Schedule					1,356.0	2,169.0	1,037.0	-	-	-	-	-	-	-	-
Cash Flow Derivatives Notional [BRL]					17,820.0	7,184.3	1,860.8	1,878.0	1,898.2	1,918.5	1,939.1	1,959.9	1,980.9	2,002.2	2,023.6
FX correction					(42.4)	390.1	43.0	17.3	20.2	20.4	20.6	20.8	21.0	21.3	21.5
Cash Impact															
Debt Derivatives Notional [USD]					4,934.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3	3,432.3
Maturity Schedule					220.8	1,502.0	-	-	-	-	-	-	-	-	-
Debt Derivatives Notional [BRL]					24,671.3	17,676.1	17,840.0	18,005.3	18,198.4	18,393.5	18,590.8	18,790.1	18,991.6	19,195.2	19,401.0
FX correction					(822.2)	513.6	131.7	133.0	154.7	156.3	158.0	159.7	161.4	163.1	164.9
Cash Impact															

Wk	277.8	271.6	853.6	1,854.3	1,387.6	1,493.1	1,545.7	1,909.6	2,130.2	2,208.0	2,288.5	2,372.0	2,458.6	2,548.3	2,641.3
Working Capital Assets															
Accounts Receivable	581.8	467.2	996.5	1,628.4	1,348.4	1,451.7	1,504.6	1,860.1	2,075.5	2,151.3	2,229.8	2,311.1	2,395.4	2,482.9	2,573.5
Days of Revenue	42.6	34.9	58.2	70.4	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Inventories	746.2	678.9	874.7	1,122.4	1,307.5	1,377.7	1,371.2	1,652.1	1,823.1	1,889.7	1,958.9	2,030.6	2,105.0	2,182.1	2,262.0
Days of COGS	82.4	77.2	82.1	84.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2
Working Capital Liabilities															
Trade accounts payable	378.5	399.8	620.3	1,216.1	1,191.9	1,255.8	1,249.9	1,506.0	1,661.8	1,722.6	1,785.6	1,851.0	1,918.8	1,989.1	2,061.9
Days of COGS	41.8	45.4	58.2	91.3	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9
Payroll and charges	63.8	83.4	111.4	132.2	154.9	163.2	162.4	195.7	216.0	223.9	232.1	240.6	249.4	258.5	268.0
Days of COGS	7.0	9.5	10.5	9.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Pulp															
Wk	849.3	1,488.1	4,919.9	8,948.7	4,723.1	4,816.2	4,989.8	5,156.4	5,339.1	5,534.2	5,736.4	5,946.0	6,163.3	6,388.5	6,621.9
Working Capital Assets															
Accounts Receivable	2,454.0	2,448.0	5,534.9	7,978.6	4,569.9	4,659.7	4,843.7	5,005.7	5,183.1	5,372.5	5,568.9	5,772.4	5,983.3	6,201.9	6,428.5
Days of Revenue	42.6	34.9	58.2	70.4	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Inventories	3,939.4	3,330.5	3,762.8	4,820.2	5,104.9	5,216.9	4,869.8	5,022.1	5,200.6	5,388.6	5,584.0	5,787.2	5,998.3	6,217.7	6,445.5
Days of COGS	82.4	77.2	82.1	84.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2
Working Capital Liabilities															
Trade accounts payable	1,998.0	1,961.3	2,668.6	5,222.7	4,653.3	4,755.4	4,439.0	4,577.8	4,740.5	4,911.9	5,090.1	5,275.3	5,467.7	5,667.6	5,875.3
Days of COGS	41.8	45.4	58.2	91.3	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9
Payroll and charges	336.7	409.3	479.2	567.6	604.7	618.0	576.9	594.9	616.1	638.3	661.5	685.6	710.6	736.6	763.6
Days of COGS	7.0	9.5	10.5	9.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2
Cerrado															
Wk	-	-	-	-	-	353.4	1,191.7	1,277.2	1,322.1	1,370.1	1,419.8	1,471.3	1,524.8	1,578.8	1,636.1
Working Capital Assets															
Accounts Receivable	-	-	-	-	-	343.1	1,163.0	1,248.5	1,292.8	1,340.0	1,389.0	1,439.8	1,492.4	1,546.9	1,603.4
Days of Revenue	42.6	34.9	58.2	70.4	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5	55.5
Inventories	-	-	-	-	-	340.8	956.7	955.2	977.8	1,001.9	1,026.9	1,052.7	1,079.6	1,061.9	1,089.1
Days of COGS	82.4	77.2	82.1	84.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2	94.2
Working Capital Liabilities															
Trade accounts payable	-	-	-	-	-	310.7	872.1	870.7	891.3	913.3	936.0	959.6	984.1	968.0	992.7
Days of COGS	41.8	45.4	58.2	91.3	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9	85.9
Payroll and charges	-	-	-	-	-	40.4	113.3	113.2	115.8	118.7	121.6	124.7	127.9	125.8	129.0
Days of COGS	7.0	9.5	10.5	9.9	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2	11.2

Source: Team 4

Paper Business	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033Perpetuity	
EBIT	1,001.9	1,029.5	1,882.6	2,853.2	2,917.4	3,123.8	3,456.8	4,440.4	5,033.8	5,216.9	5,406.5	5,602.8	5,806.2	6,016.9	6,235.1	6,235.1
Tax Rate	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	34%
NOPAT	751.4	772.2	1,412.0	2,139.9	2,188.0	2,342.9	2,592.6	3,330.3	3,775.3	3,912.7	4,054.9	4,202.1	4,354.7	4,512.7	4,676.3	4,115.2
D&A	516.4	540.5	603.9	670.1	687.9	623.3	459.5	458.6	474.9	491.3	508.5	526.5	545.4	565.2	585.9	585.9
CapEx	(431.1)	(424.2)	(506.7)	(613.6)	(752.2)	(732.7)	(623.4)	(757.7)	(840.4)	(871.1)	(902.9)	(935.8)	(970.0)	(1,005.4)	(1,042.1)	(1,042.1)
Investment in WC		114.6	(529.3)	(631.9)	280.0	(103.3)	(52.9)	(355.5)	(215.4)	(75.7)	(78.5)	(81.4)	(84.3)	(87.4)	(90.6)	(90.6)
Others																
FCFF	836.7	1,003.0	979.9	1,564.5	2,403.7	2,130.1	2,375.8	2,675.8	3,194.4	3,457.1	3,582.0	3,711.4	3,845.8	3,985.1	4,129.6	61,681.0
Time step					0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	10.25
Wacc		9.5%														
g (perpetuity)		3.5%														
PV of FCFF					587.5	1,901.9	1,937.5	1,993.0	2,173.1	2,148.0	2,032.8	1,923.7	1,820.6	1,723.1	1,630.8	24,358.7
NPV of paper business	44,230.8															

Pulp Business	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033Perpetuity	
EBIT	1,498.6	7,413.9	16,297.6	18,440.9	8,195.3	8,364.7	11,219.8	11,643.1	12,053.7	12,502.1	12,964.6	13,441.9	13,934.4	14,442.9	14,968.1	14,968.1
Tax Rate	20.0%	20.0%	20.0%	20.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	34.0%
NOPAT	1,198.9	5,931.1	13,038.1	14,752.7	6,146.5	6,273.6	8,414.9	8,732.3	9,040.2	9,376.6	9,723.5	10,081.4	10,450.8	10,832.2	11,226.1	9,878.9
D&A	7,575.6	6,232.4	6,437.8	6,737.9	7,071.7	6,637.6	4,893.4	4,883.3	5,057.6	5,231.8	5,414.8	5,606.8	5,808.1	6,018.9	6,239.4	6,239.4
CapEx	(4,792.8)	(4,385.8)	(5,101.1)	(9,803.1)	(9,613.8)	(7,740.2)	(6,071.3)	(6,345.2)	(6,600.1)	(6,841.0)	(7,090.7)	(7,349.5)	(7,617.7)	(7,895.7)	(8,183.9)	(8,183.9)
Investment in WC		(638.8)	(3,431.7)	(4,028.8)	4,225.6	(93.1)	(173.6)	(166.5)	(182.8)	(195.1)	(202.2)	(209.6)	(217.3)	(225.2)	(233.4)	(233.4)
Others	(14,413.7)	(19,519.3)	(16,053.6)	(3,128.4)	(4,159.5)	(687.3)	(909.4)	(1,041.3)	(1,144.1)	(1,224.9)	(1,313.0)	(1,409.3)	(1,514.5)	(1,629.7)	(1,755.8)	(1,755.8)
FCFF	(10,432.0)	(12,380.5)	(5,110.6)	4,530.3	3,670.5	4,390.6	6,153.9	6,062.5	6,170.9	6,347.4	6,532.4	6,719.9	6,909.4	7,100.4	7,292.3	95,946.2
Time step					0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	10.25
Wacc		9.9%														
g (perpetuity)		3.5%														
PV of FCFF					896.2	3,901.3	4,975.0	4,459.0	4,129.4	3,864.4	3,618.3	3,386.5	3,167.9	2,961.9	2,767.6	36,413.8
NPV of Pulp business	74,541.4															

Cerrado Project	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033Perpetuity	
EBIT	-	-	-	-	-	746.7	3,300.5	3,821.3	4,000.5	4,191.7	4,390.0	4,595.5	4,808.5	5,205.4	5,440.7	
Tax Rate	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%	34.0%
NOPAT	-	-	-	-	-	492.9	2,178.3	2,522.1	2,640.3	2,766.5	2,897.4	3,033.0	3,173.6	3,435.6	3,590.8	
D&A	-	-	-	-	-	607.7	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	1,229.6	
CapEx	-	-	(829.0)	(7,367.0)	(8,937.0)	(5,506.1)	(1,156.7)	(1,244.6)	(1,288.9)	(1,335.9)	(1,384.6)	(1,435.2)	(1,487.5)	(1,541.8)	(1,598.1)	
Investment in WC		-	-	-	-	(353.4)	(838.4)	(85.4)	(44.9)	(48.0)	(49.7)	(51.5)	(53.4)	(54.0)	(57.3)	
Others																
FCFF	-	-	(829.0)	(7,367.0)	(8,937.0)	(4,758.8)	1,412.8	2,421.6	2,536.1	2,612.3	2,692.6	2,775.9	2,862.3	3,069.3	3,165.0	51,079.0
Time step					0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	10.25
Wacc		9.9%														
g (perpetuity)		3.5%														
PV of FCFF					(2,182.1)	(4,228.5)	1,142.1	1,781.1	1,697.1	1,590.4	1,491.5	1,398.9	1,312.3	1,280.4	1,201.2	19,385.6
IRR	15.10%															
NPV of Cerrado	25,870.1															

Source: Team 4

				2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033	Perpetuity
Net Income				(2,815)	(10,715)	8,636	23,395	10,924	5,890	11,567	13,192	14,071	14,746	15,423	16,082	16,759	17,593	18,326	16,127
D&A				8,053	6,716	7,038	7,427	7,759	7,869	6,582	6,571	6,762	6,953	7,153	7,363	7,583	7,814	8,055	8,055
CapEx				(5,224)	(4,810)	(6,437)	(17,784)	(19,303)	(14,723)	(8,837)	(8,377)	(8,729)	(9,048)	(9,378)	(9,720)	(10,075)	(10,443)	(10,824)	(10,824)
Investment in WC				(1,421)	874	(3,219)	(1,165)	2,728	(521)	(1,049)	(590)	(426)	(304)	(315)	(327)	(339)	(352)	(364)	(364)
Other				(14,336)	(19,528)	(16,466)	(3,128)	(6,963)	2,005	(749)	(1,547)	(1,015)	(1,048)	(1,134)	(1,229)	(1,332)	(1,445)	(1,569)	(1,569)
Change in Debt				27,947	9,216	6,729	(5,054)	3,888	1,331	419	422	489	492	495	498	501	504	507	507
Adj FCFE				12,204	(18,247)	(3,719)	3,691	(967)	1,851	7,934	9,670	11,152	11,791	12,243	12,668	13,097	13,671	14,132	127,861
Time Step								0.25	1.25	2.25	3.25	4.25	5.25	6.25	7.25	8.25	9.25	10.25	10.25
Ke																			
g (perpetuity)																			
PV of FCFE								(242)	2,313	6,007	6,471	6,594	6,161	5,654	5,170	4,723	4,357	3,980	36,011
Equity Value				87,200															
Number of Shares				1,289															
Target Price				67.6															
Upside				29.0%															

Key Financials (IFRS 16)	2019A	2020A	2021A	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	26,013	30,460	40,965	49,831	38,939	42,466	49,420	53,387	56,262	58,318	60,448	62,656	64,945	67,317
YoY	93.6%	17.1%	34.5%	21.6%	-21.9%	9.1%	16.4%	8.0%	5.4%	3.7%	3.7%	3.7%	3.7%	3.7%
EBITDA	10,650	15,124	25,166	29,365	18,872	20,104	24,559	26,476	27,850	28,863	29,914	31,003	32,132	33,479
EBITDA Margin %	40.9%	49.7%	61.4%	58.9%	48.5%	47.3%	49.7%	49.6%	49.5%	49.5%	49.5%	49.5%	49.5%	49.7%
Net Income	(2,815)	(10,715)	8,636	23,395	10,924	5,890	11,567	13,192	14,071	14,746	15,423	16,082	16,759	17,593
Net Margin %	-10.8%	-35.2%	21.1%	46.9%	28.1%	13.9%	23.4%	24.7%	25.0%	25.3%	25.5%	25.7%	25.8%	26.1%
EPS	(2.1)	(7.9)	6.4	17.9	8.5	4.6	9.2	10.7	11.7	12.6	13.5	14.5	15.5	16.7
Pulp EBITDA/Tn (USD)	242	234	396	460	310	293	314	323	331	340	348	357	366	378
YoY		-3.3%	68.7%	16.3%	-32.6%	-5.4%	7.1%	2.8%	2.6%	2.5%	2.5%	2.5%	2.5%	3.2%
Paper EBITDA/Tn (USD)	304	190	354	526	590	555	571	603	627	643	659	676	693	711
YoY		-37.6%	86.6%	48.8%	12.2%	-5.9%	2.8%	5.6%	4.0%	2.5%	2.5%	2.5%	2.5%	2.5%

