

Earnings Conference Call  
**2Q18**



**SUZANO**  
PULP AND PAPER

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## **ADDITIONAL INFORMATION AND WHERE TO FIND IT**

In connection with the proposed business combination transaction with Fibria Celulose S.A. (“Fibria”), Suzano may file with the SEC relevant materials, including, in the case of a registered offering in the U.S., a registration statement on Form F-4 containing a prospectus and other documents regarding the proposed transaction. INVESTORS ARE URGED TO READ THE FORM F-4 AND OTHER DOCUMENTS THAT MAY BE FILED WITH THE SEC CAREFULLY AND IN THEIR ENTIRETY WHEN THEY BECOME AVAILABLE BECAUSE THEY WILL CONTAIN IMPORTANT INFORMATION ABOUT SUZANO, FIBRIA AND THE PROPOSED BUSINESS COMBINATION TRANSACTION AND RELATED MATTERS. The Form F-4 and all other documents filed with the SEC in connection with the proposed transaction will be available when filed, free of charge, on the U.S. SEC’s website at [www.sec.gov](http://www.sec.gov). In addition to the Form F-4 and all other documents filed by Suzano with the SEC in connection with the proposed business combination transaction will be made available, free of charge, on Suzano’s website at <http://www.suzano.com.br>.

# Quarter affected by the truck drivers' strike and exchange variation

## HIGHLIGHTS

Operational Cash Generation<sup>1</sup>: **R\$ 1,279 MM** +40% vs. 2Q17   
 +1% vs. 1Q18 

Adjusted EBITDA<sup>2</sup>: **R\$ 1,573 MM** +36% vs. 2Q17   
 +3% vs. 1Q18 

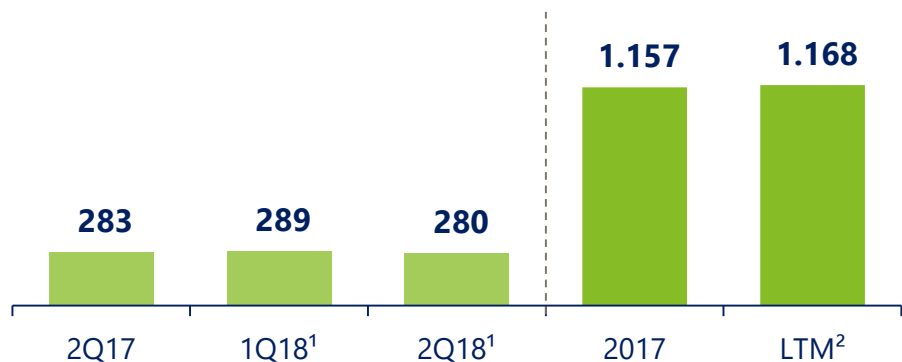
Production loss due to strike: **~105k ton** Pulp: -80k ton   
 Paper: -25k ton 

Leverage<sup>3</sup>: **1.7x** -1.0x vs. 2Q17   
 0.0x vs. 1Q18 

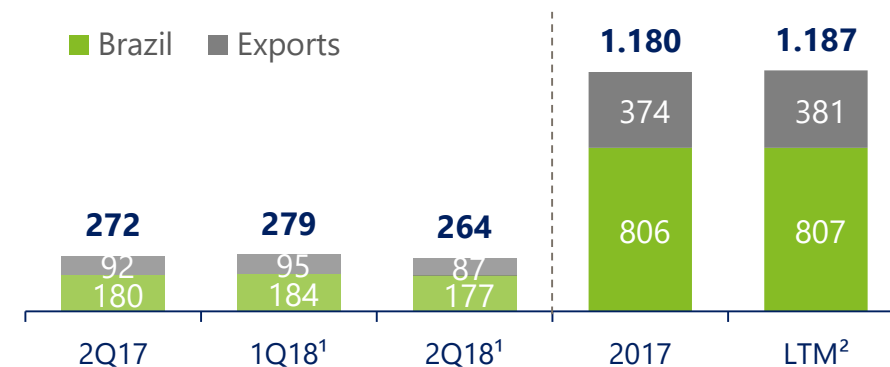
Impact of exchange variation on hedge operations: **(R\$ 2,550 MM)**

<sup>1</sup> Operating Cash Generation = Adjusted EBITDA less Sustaining CAPEX. | <sup>2</sup> Adjusted for non-recurring factors. | <sup>3</sup> Net Debt / Last twelve months Adjusted EBITDA (in R\$).

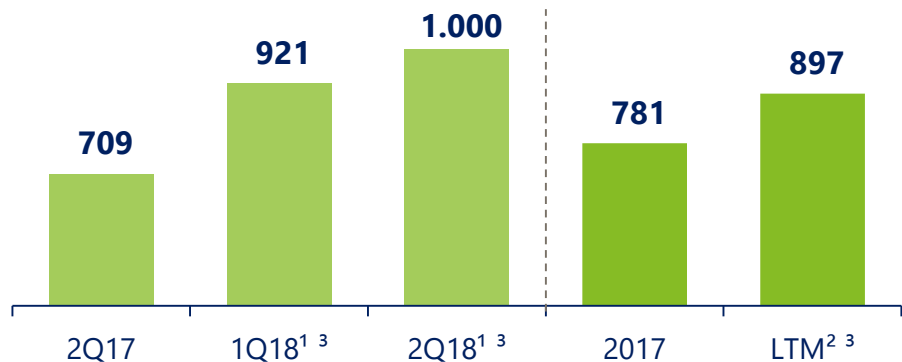
### Paper Production ('000 ton)



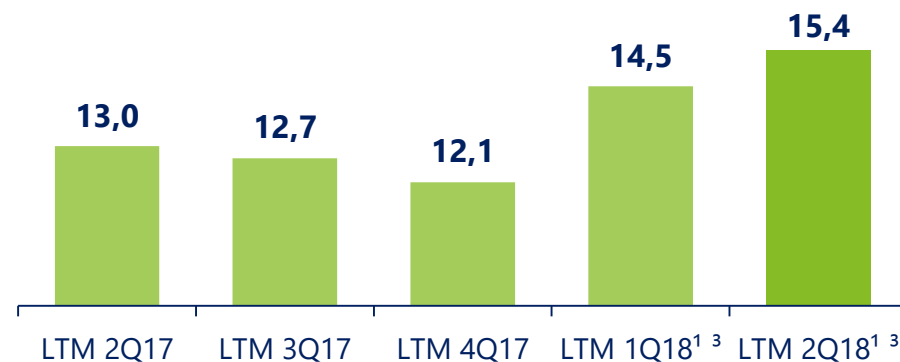
### Paper Sales ('000 ton)



### Paper Adjusted EBITDA (R\$/ton)



### Paper ROIC (%)

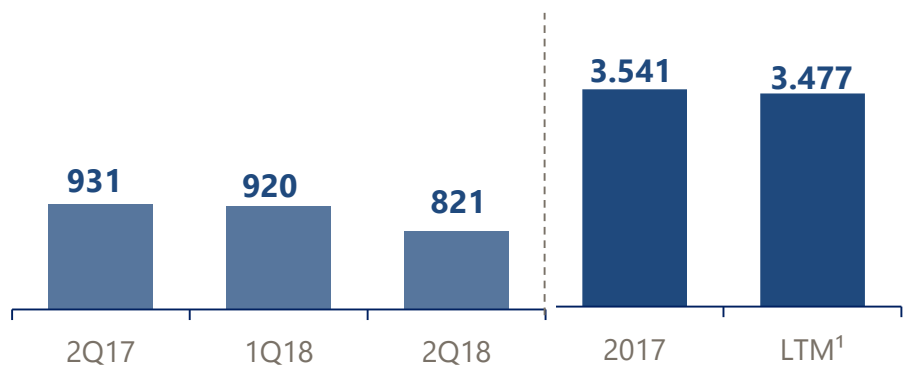


<sup>1</sup> Excludes other businesses from 1Q18 onward, i.e. consumer goods. | <sup>2</sup> LTM: last twelve months ending on 06/30/2018. | <sup>3</sup> Impact referring to the Management's Long-Term Incentive : (i) 1Q18: -R\$ 33/ton in EBITDA and -0,1 p.p. in ROIC ; (ii) 2Q18: -R\$ 120/ton in EBITDA and -0,6 p.p. in ROIC; (iii) LTM 2Q18: -R\$ 34/ton in EBITDA and -0,8 p.p. in ROIC and (iv) LTM 1Q18: -0,1 p.p. in ROIC.

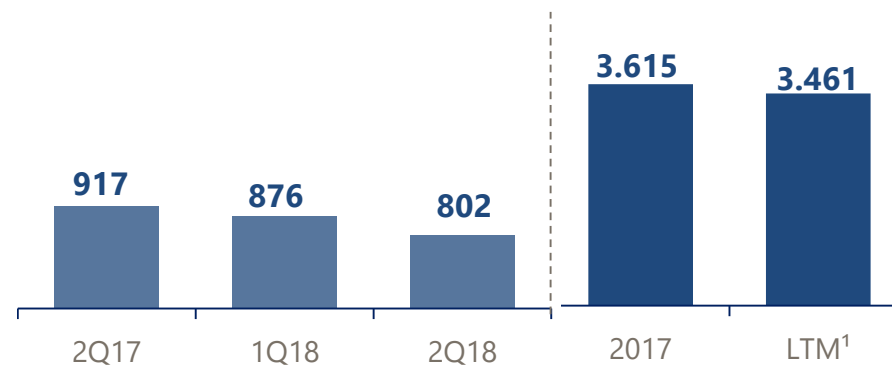
# Pulp

## Results supported by exchange variation and volume affected by truck drivers' strike

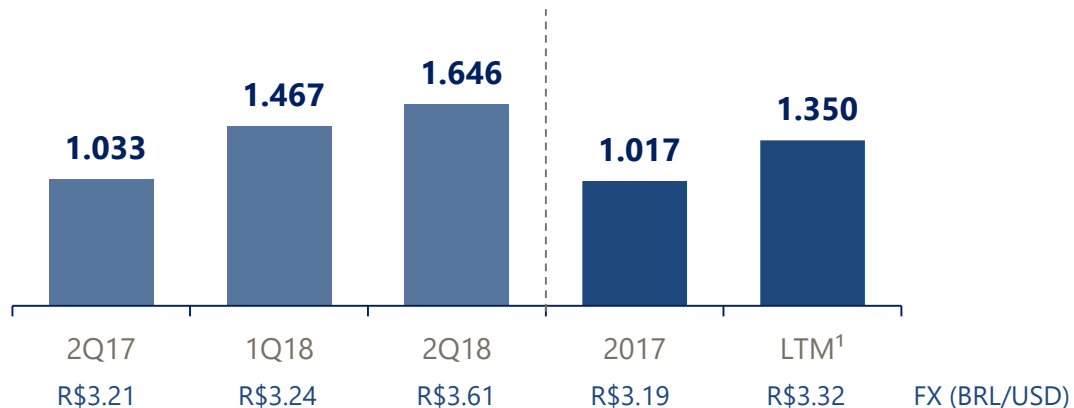
**Pulp Production** ('000 ton)



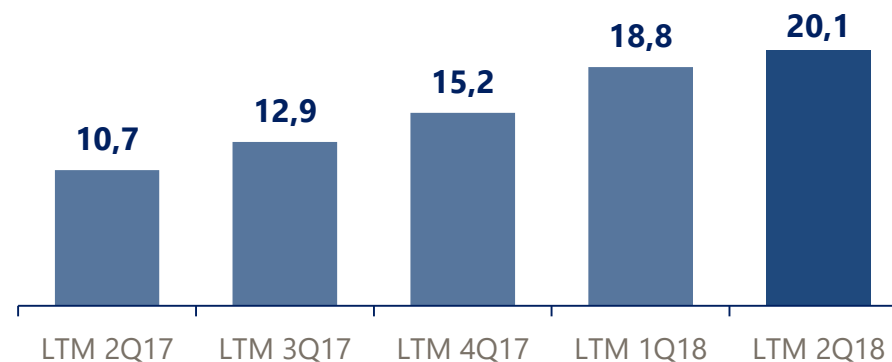
**Pulp Sales** ('000 ton)



**Pulp Adjusted EBITDA** (R\$/ton)



**Pulp ROIC** (%)

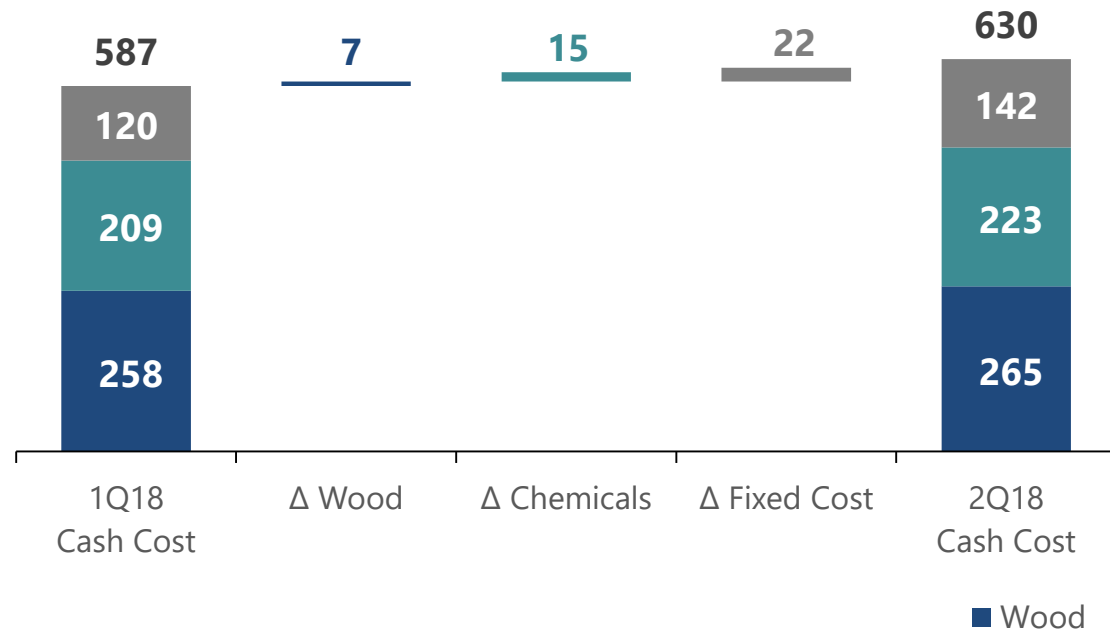


<sup>1</sup> LTM: last twelve months ending on 06/30/2018.

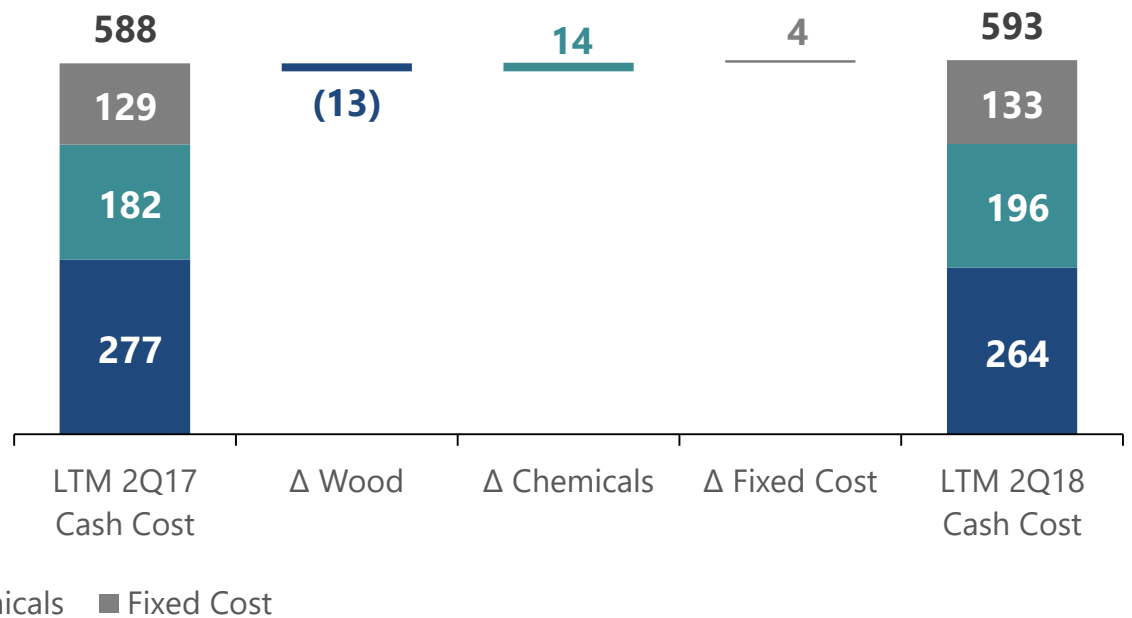
# Pulp

## Production cash cost affected by lower volume produced and raw material prices

**Quarterly Pulp Cash Cost** (excluding downtimes – R\$/ton)



**LTM Pulp Cash Cost** (excluding downtimes – R\$/ton)



- Reduction of approximately **80,000 tons** of market pulp in 2Q18
- **Lower dilution** of fixed costs
- **Price increase** of chemicals inputs (indexed to the U.S. dollar)

Obs.: In line with market practice and for comparison purposes, the methodology for calculating the cash cost has been changed from 1Q18 onward and currently does not consider the depletion of wood from third-party suppliers.

# Steady capital discipline

<b>Capex</b> (R\$ billion)	<b>2017</b>	<b>6M18</b>	<b>2018e</b>
<b>Maintenance</b>	<b>1.1</b>	<b>0.6</b>	<b>1.2</b>
<b>Structural Competitiveness &amp; Adjacent Business</b>	<b>0.7</b>	<b>0.3</b>	<b>0.6</b>
<b>Acquisition of Facepa</b>	<b>-</b>	<b>0.3</b>	<b>0.3</b>
<b>Acquisition of land and forests<sup>1</sup></b>	<b>-</b>	<b>0.2</b>	<b>0.7</b>
<b>Total</b>	<b>1.8</b>	<b>1.3</b>	<b>2.8</b>

<sup>1</sup> The 2<sup>nd</sup> tranche of the acquisition price will be paid in 2018 (50%) and 2019 (50%).

# Continuous improvement of financial metrics

## Net Debt:

R\$ 9.9 billion (US\$ 2.6 billion)

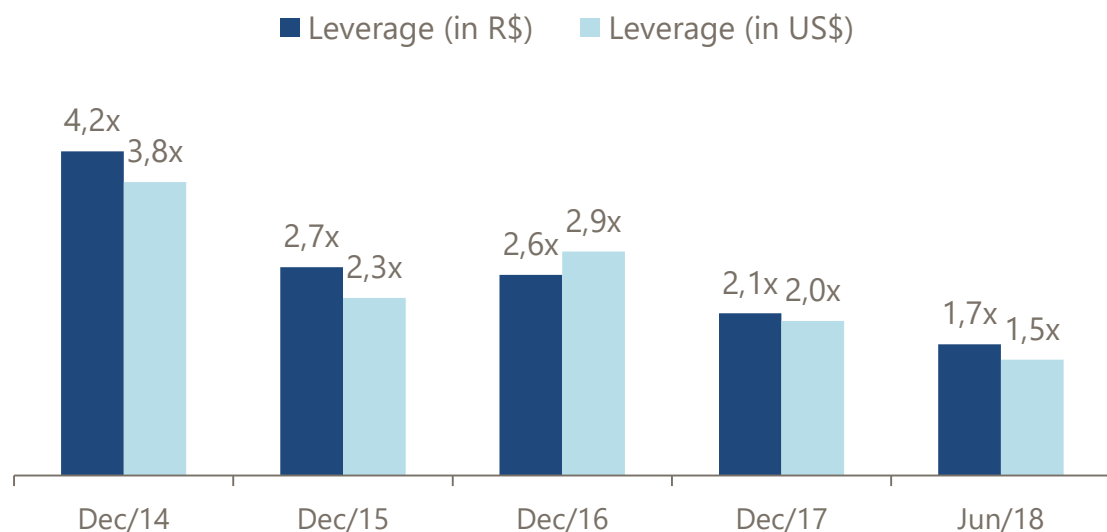
## Average Debt Maturity:

90 months

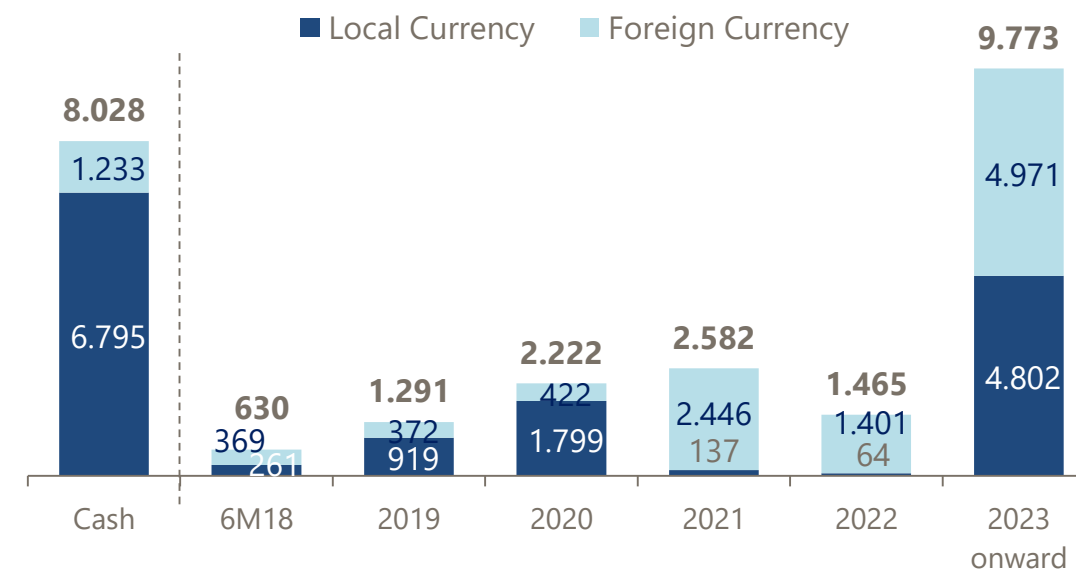
## Average Cost of Debt (in US\$):

4.6% p.a. based on market swap curve

## Leverage<sup>1</sup> (in times)



## Amortization Schedule (R\$ million)



<sup>1</sup> Leverage measured by net debt over Adjusted EBITDA of the last twelve months.



# Fibria Business Combination Transaction Timeline

## Regulatory Approval



Approval of all antitrust → Closing: D+45

### Corporate

- ✓ Approval of the Protocol of Justification and Incorporation (i.e., the Merger Agreement) by the Boards of Directors of Suzano and Fibria
- ✓ Suzano's Shareholders' Meeting convened for Sep 13, 2018
- ☐ Integration planning in progress

### Securities Filings

- ✓ SEC Registration of Suzano Shares and declaration of effectiveness
- ☐ NYSE ADR listing
- ☐ SOX Compliance starting on January 1, 2019

### Available sources of financing

- ✓ Issuance of Debentures (R\$ 4.7 billion)
- ✓ Issuance of Export Credit Notes (R\$ 770.6 million)
- ✓ Bridge Loan commitment reduction from US\$ 6.9 billion to US\$ 4.4 billion

### Antitrust

- ✓ Unrestricted authorization issued by the Federal Trade Commission (US antitrust)
- ☐ Antitrust clearance processes in progress: CADE (Brazil), SAMR (China), European Commission (Europe) and Turkey

# Hedge Operations

## Instruments of protection reduce exchange exposure

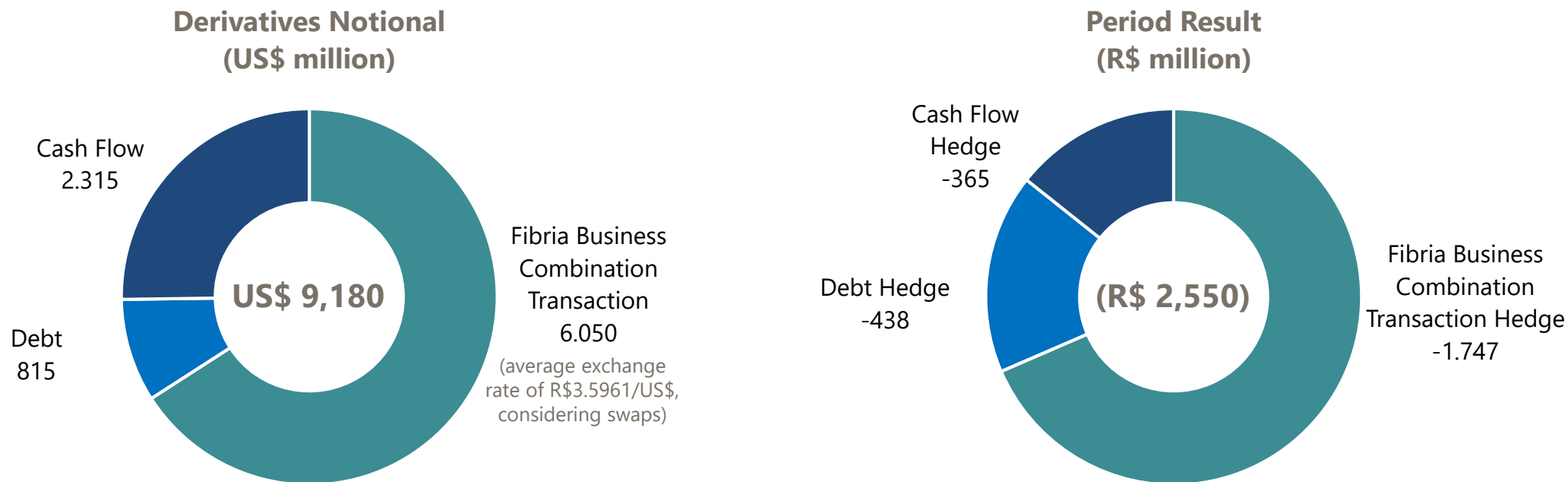
(in millions)

	03/15/2018	06/30/2018	07/31/2018
• Cash Payment (R\$)	29,027	29,571	29,731
• Hedged Amount (R\$)	-	21,756	24,132
• % Hedged in Reais	-	74%	81%
• Hedged Amount (US\$)	-	6,050	6,650
• Exchange rate of Hedge (R\$/US\$)	-	3.5961	3.6289
• Exposure (US\$)	8,837	2,027	1,491
• Exchange rate (R\$/US\$)	3.29	3.86	3.75
	↓	↓	↓
<b>SENSITIVITY</b> at each <b>R\$ 0.10/US\$</b> variation	<b>~US\$ 277 million</b>	<b>~US\$ 54 million</b>	<b>~US\$ 41 million</b>

# Derivatives Results

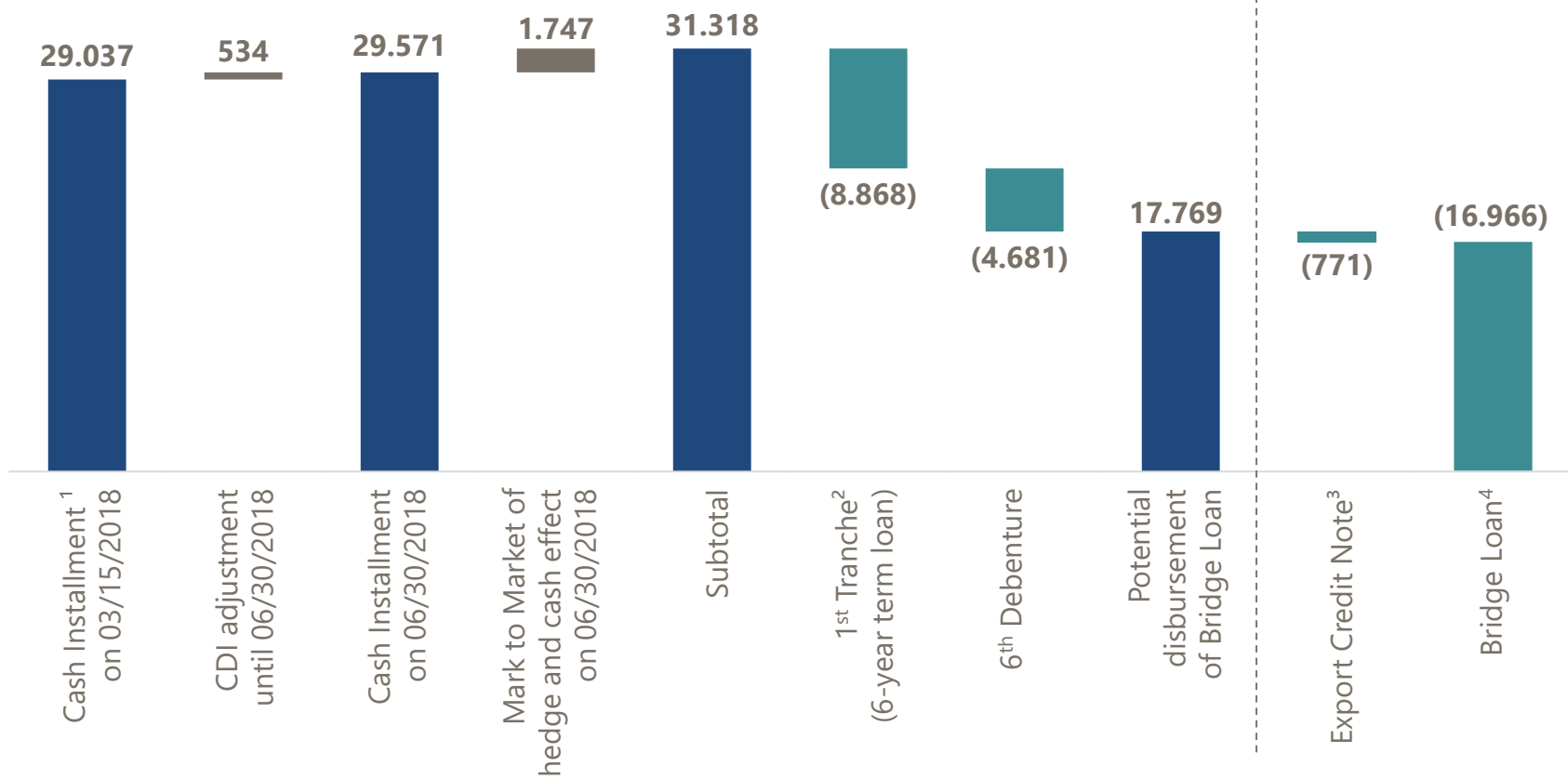
## Impact of the hedge on the cash payment in the Fibria business combination transaction

(on 06/30/2018)



# Fibra Business Combination Transaction Financing obtained through Bridge Loan

(R\$ million - on 06/30/2018)



## Alternatives to Bridge Loan:

- Companies Cash
- International Capital Markets: Bonds
- US\$ Export Financing: EPP
- R\$ Capital Markets: Debentures
- R\$ Export Financing: NCE

<sup>1</sup> Cash Installment: payment of R\$ 52.50 to Fibria's shareholders for each common share issued by Fibria, which will be subject to adjustment in accordance to the variation of the CDI rate from 03/15/2018 to the date of consummation of the Transaction. | <sup>2</sup> Commitment: US\$2.3 billion with exchange of 06/30/2018 (R\$3.8558/US\$). | <sup>3</sup> Availability of cash due to Export Credit Note issuance on 07/31/2018. | <sup>4</sup> Bridge Loan: US\$4.4 billion (R\$ 3.8558/US\$).

Thank you!

Investor Relations  
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