genial | Equity Research

SUZANO

1Q25 Review: A martyrdom

LatAm Pulp & Paper

Main takeaways:

(i) Pulp shipments totaled **2,651Kt** (-9.3% vs. Genial Est.; -19.3% q/q; +10.4% y/y), reflecting a **sequential decline stronger than anticipated**, impacted by scheduled shutdowns and weak seasonality, while annual growth came from the continued ramp-up of the Ribas do Rio Pardo (MS) plant; **(ii) Realized pulp prices** reached **R$3,249/t** (-0.5% vs. Genial Est.; -4.7% q/q;); **(ii) Net revenue of R$11.6bn** (-3.8% vs. Genial Est.; -18.5% q/q; +22.1% y/y), with the decline concentrated in pulp (R$8.6bn; -9.7% vs. Genial Est.; -23.1% q/q); **(iv) Cash COGS/t ex-stoppages** rose to **R$859/t** (+5.2% vs. Genial Est.; +6.4% q/q; +5.8% y/y), pressured by lower fixed cost dilution, an increase in the average radius of wood and dollar-denominated inputs; **(v) Cash COGS/t with stoppages** was **R$963/t** (+6.4% vs. Genial Est.; +9.4% q/q; +16.4% y/y), impacted by maintenance concentrated in the quarter, compromising dilution and earnings performance; **(vi) Adjusted EBITDA** of **R$4.9bn** (-7.4% vs. Genial Est.; -24.9% q/q; +6.8% y/y), frustrating expectations due to lower contribution from pulp; pulp EBITDA fell -25.8% q/q (R$4.3bn),; **(vii) Net income** of **R$6.3bn** (+14.4% vs. Genial Est.), driven by non-cash effects; **(viii) FCF** of **R$1bn. CAPEX slightly above forecast** and weaker EBITDA, although partially offset by working capital release and lower financial expenses; **(ix) Leverage** in **BRL fell to 3.1x Net Debt/EBITDA** (-0.2x q/q), but **leverage in USD rose to 3.0x** (+0.1x q/q), indicating that nominal deleveraging came mainly from the softening of the USD/BRL Fx rate EoP in the sequential movement; **(x)** We remain attentive to the **risk of capital allocation** with possible M&As of KC (~US$4bn) or IP assets (~US$2bn), which still seem to generate overhang; **(xiii)** Supported by expectations of operational recovery, **reduced leverage**, and **attractive multiples**, given a **25E EV/EBITDA** of **5.8x** (vs. historical average of 7x), we reiterate our **BUY rating**, with a **12M Target Price** of **R$63.50**, implying an **upside of +23.4%**.

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Company

SUZB3 BZ Equity
Buy

Price: R$ 51.47 (08-May-2025)
Target Price 12M: R$ 63.50

SUZ US Equity
Target Price 12M: US$ 11.15

Table 1. Shipments Summary (1Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported	Genial Est.		Reported		Reported	
Summary (Shipments)	**1Q25**	**1Q25E**	**% Diff.**	**4Q24**	**% q/q**	**1Q24**	**% y/y**
Pulp	2.651	2.922	**-9,3%**	3.284	**-19,3%**	2.401	**10,4%**
Paper	390	353	**10,5%**	430	**-9,4%**	313	**24,7%**

Source: Suzano, Genial Investimentos

Table 2. Income Statement Summary (1Q25 vs. Genial Est.)

(R$ millions)	Reported	Genial Est.		Reported		Reported	
Income Statement	**1Q25**	**1Q25E**	**% Diff.**	**4Q24**	**% q/q**	**1Q24**	**% y/y**
Net Revenue	11.553	12.004	**-3,8%**	14.176	**-18,5%**	9.459	**22,1%**
Adjusted EBITDA	4.866	5.257	**-7,4%**	6.481	**-24,9%**	4.558	**6,8%**
Net Income	6.348	5.548	**14,4%**	(6.738)	**-**	220	**2781,5%**

Source: Suzano, Genial Investimentos

Suzano released its **1Q25** results yesterday, **May 8**, after the market closed. **Pulp sales** reached **2,651 kt** (-9.3% vs. Genial Est.), with a more prominent decline of **-19.3% q/q** and an increase of **+10.4% y/y**, marking **the negative highlight** of the quarter, with performance below our estimates and the street (-7.9% vs. BBG consensus). The quarterly decline reflected the combined effect of **scheduled downtimes at key units** and **the typically weaker seasonality of 1Qs**. Annual growth was driven by the **additional contribution** from **Ribas do Rio Pardo (MS)**, commonly known as the Cerrado Project, which, despite a scheduled shutdown, continued to operate for part of the quarter, sustaining volume gains vs. 1Q24. The **realized price** was **R$3,249/t** (-0.5% vs. Genial Est.), with a **-4.7% q/q** compression. The sequential decline was due to **lower realizations in USD** (-5% q/q), amid lagging pricing and a market with excess inventory, especially in China. In addition, we believe that part of the adjustments announced in 1Q25 were not implemented in time.

The **paper** segment was responsible for **exceeding** our **estimates**, despite **costs offsetting** the **good operating performance** (volume and price). **Sales** totaled **390kt** (+10.5% vs. Genial Est.; -9.4% q/q; +24.7% y/y), above estimates due to the full consolidation of **Suzano Packaging US**. The realized price reached R$7,540/t (+7.9% vs. Genial Est.; +8.9% q/q), driven by the higher-end mix of the North American operation.

On a consolidated basis, the company reported **Net Revenue** of **R$11.6bn** (-3.8% vs. Genial Est.), with a slowdown of -18.5% q/q and an increase of +22.1% y/y, reflecting, on the negative side, the decline in pulp volumes and prices, and, on the positive side, the solid performance of the paper division, which surprised in a seasonally weaker quarter. The positive annual variation was sustained by the ramp-up of the Ribas do Rio Pardo (MS) plant and the more favorable average USD/BRL FX rate. Other than that, **costs still showed a strong increase**, with **Cash COGS/t of pulp ex-stops** reaching **R$859/t** (+5.2% vs. Genial Est.; +6.4% q/q; +5.8% y/y), affected by lower operating dilutions, an increase in the average wood supply radius, and the appreciation of the USD/BRL FX on last quarter, pushing up inputs cots through P&L in this quarter – in addition to the **downtimes effect**, which totaled **+R$104/t** (+6.4% vs. Genial Est.), with a poorly performance. The **Cash COGS/t including stoppages** reached **R$963/t** (+6.4% vs. Genial Est.), also showing a significant increase of +9.4% q/q and +16.4% y/y. As a result, **Adjusted EBITDA** clocked in at **R$4.9bn** (-7.4% vs. Genial Est.), **below estimates** and went down -24.9% q/q, despite the +6.8% y/y increase.

Finally, **Net Income** was **R$6.3bn** (+14.4% vs. Genial Est.; vs. a loss of -R$6.7bn in 4Q24), driven by **non-cash effects** from the depreciation of the USD/BRL FX rate EoP and the normalization of derivatives. The positive financial result of +R$7.7bn reversed the losses in 4Q24 and offset the operational deterioration, sustaining the robust reversal in the bottom line — albeit without a direct impact on cash generation for the period.

1Q25 Review: In detail!

Pulp: Sales declined q/q in line with scheduled stoppages and annual growth sustained by Cerrado. For the pulp division, shipments totaled 2,651Kt (-9.3% vs. Genial Est.), representing a sharp sequential decline of -19.3% q/q, but an increase of +10.4% y/y. Sales level were below our expectations and the consensus (-7.9% vs. BBG consensus), reflecting in the quarterly variation the combined impact of **(i)** weaker seasonality typical of the beginning of the year and **(ii)** the intense scheduled maintenance stoppages, which seem to have had an additional reducing effect compared to our projections. The interruptions affected several relevant units — such as Três Lagoas I and II (MS), Mucuri I (BA) and Ribas do Rio Pardo (MS) itself — and reduced available operating capacity during the quarter. In addition, the weaker commercial environment in Asia, mainly due to the Chinese New Year (early February), limited shipments in the region.

The +10.4% y/y growth was driven by the incremental contribution of the new Ribas do Rio Pardo plant (commonly known as the Cerrado Project), which continued to add volume with the ramp-up that began in 2H24. Although it was one of the plants that suffered a reduction in volume due to the first scheduled maintenance shutdown since start-up in July last year, there were still periods during the quarter when capacity remained operational. On the other hand, we believe that the pace of production recovery after the downtime may have been slower than expected, mainly considering the BHKP shipment data we observed that Brazil directed to China, reaching, for example, 878Kt in March, up +26% y/y—a figure well above Suzano's base growth in the quarter.

Pulp: Price compression limited by macro effects and high y/y growth following FX dynamics. The pulp realized price has clocked in at R$3,249/t (-0.5% vs. Genial Est.), down -4.7% q/q and up +6.0% y/y, in line with our projections. We believe that the sequential decline reflects lower realizations in USD, which reached US$555/t (-5% q/q), an effect already anticipated by us in our preview report, resulting in outdated contract pricing, even though the company implemented price adjustment rounds throughout the quarter. It seems to us that the latest adjustment announced in March (+US$20/t for Asia and +US$60/t for North America and Europe) did not fully take effect in the client portfolio, precisely because the paper industry was already overstocked, given the uncertainty in the macro scenario. We have observed pressure in the Chinese market, where shipments were still being made under previous backlogs, with limited negotiations due to macroeconomic and tariff uncertainties in the context of the trade war and rising tensions between the US and China. In addition, there is usually a 1M delay in the effectiveness of price increases.

The +6.0% y/y increase is explained exclusively by the appreciation of the average USD/BRL FX rate (R$5.85 vs. R$4.95 in 1Q24, or +18% y/y), given that the price in USD fell -10% y/y. Therefore, we estimate that the company's realized prices continued to incorporate significant discounts compared to the BHKP reference curves, with projected discounts of ~46% vs. PIX Europe and ~3% vs. PIX China.

Paper: Resilient volumes despite seasonality and prices driven by the US operation. In the paper division, sales totaled 390Kt (+10.5% vs. Genial Est.), down -9.4% q/q in line with historical seasonality observed at the beginning of the year, but with a significant increase of +24.7% y/y. Despite the sequential decline, volume exceeded our estimates, mainly sustained by the contribution of paperboard from the Pine Bluff (AR) operation, following the creation of Suzano Packaging US, which originated from the assets acquired from Pactiv Evergreen at the end of last year. It is important to mention that full consolidation only occurred this quarter, whereas in 4Q24 only two months of operation were accounted for. On an annual basis, robust growth reflected both this new operation and the advance in domestic sales of printing & writing category, driven by the start of supply to the National Textbook Program (PNLD), a government incentive in Brazil to distribute educational and literary works.

The realized price was R$7,540/t (+7.9% vs. Genial Est.), indicating an increase of +8.9% q/q and +12.3% y/y, with performance above expectations. The sequential improvement was driven by the higher share of the North American operation, which has a more elastic value-added portfolio (paperboard grades), in addition to pass-throughs implemented in the domestic and international markets, including in the uncoated segment.

Net revenue declined q/q, driven by pulp, rose y/y, favored by combined strength. The company reported consolidated Net revenue of R$11.6bn (-3.8% vs. Genial Est.), slightly below expectations, down -18.5% q/q and up +22.1% y/y. Of the total, R$8.6bn came from the pulp business (-9.7% vs. Genial Est.), with a compression of -23.1% q/q and an increase of +17.0% y/y. The quarterly dynamics imply both seasonal factors and the ones related to the macro environment, given the uncertainties in the Chinese paper industry regarding tariffs. This loss of momentum ultimately translated into a sharper-than-expected decline, with a combination of **(i)** lower sales volume (-19.3% q/q) and **(ii)** weaker prices (-5% q/q in USD).

The paper division achieved revenue of R$2.9bn (+19.2% vs. Genial Est.), with a slight decline of -1.3% q/q and a strong increase of +40.1% y/y, positively surprising in a seasonally weaker quarter, justified by higher export volumes — with the full consolidation of the Suzano Packaging US unit standing out. In annual terms, the consolidated expansion of +22.1% was driven by higher volumes in both segments (pulp: +10.4% y/y; paper: +24.7% y/y), in addition to the favorable contribution of the average USD/BRL FX appreciation in the period on price realization.

Table 3. Revenue Suzano (1Q25 vs. Genial Est.)

(R$ millions)	1Q25 Reported	1Q25E Genial Est.	% R/E	4Q24 Reported	% q/q	1Q24 Reported	% y/y
Net Revenue	**11.553**	**12.004**	**-3,8%**	**14.176**	**-18,5%**	**9.459**	**22,1%**
Pulp	8.612	9.537	-9,7%	11.194	-23,1%	7.360	17,0%
Paper	2.941	2.467	19,2%	2.981	-1,3%	2.099	40,1%

Source: Suzano, Genial Investimentos

Pulp COGS/t rose more than expected. Cash COGS/t ex-stoppages totaled R$859/t (+5.2% vs. Genial Est.), rising +6.4% q/q and +5.8% y/y, resulting in a worse-than-expected cost performance. The composition reflected **(i)** higher fixed costs, caused by the sequential decline in volume and the removal of the dilution effect of fixed expenses; **(ii)** higher wood costs — driven by a longer average supply radius and higher harvesting expenses, as well as advanced diesel costs for transporting wood to the pulp mills. As we had already pointed out in our preview report, the maturation time for a significant portion of the eucalyptus forests around the plant in Ribas do Rio Pardo (MS) reaching cutting age ends up implying a temporary increase in the average radius, until it begins to slow down and fall below the average for the company's other assets. In addition, **(iii)** we witnessed an increase in important inputs, such as caustic soda and natural gas, both strongly impacted by the appreciation of the USD/BRL FX in the last quarter and which were included in the P&L this quarter. The annual increase can also be justified by the FX effect in the period (+18% y/y).

When considering the impacts of maintenance, Cash COGS/t including stoppages reached R$963/t (+6.4% vs. Genial Est.), also showing a significant increase of +9.4% q/q and +16.4% y/y. We believe that the acceleration occurred due to the greater than expected impact of the most significant downtime cycle in the company's history, which reached an effect of +R$104/t (+9.4% vs. Genial Est.) negatively altering units with high potential for fixed cost dilution. The concentration of maintenance in the quarter compromised utility performance (with lower energy export volumes) and accentuated cost pressures, which should normalize in 2Q25E, since the shutdown schedule no longer includes any maintenance and the ramp-up of the Ribas do Rio Pardo (MS) plant should already provide a greater dilutive effect during the year ahead.

EBITDA underperformed expectations, with strong compression q/q, even though the y/y base remained positive. Consolidated adjusted EBITDA clocked in at R$4.9bn (-7.4% vs. Genial Est.), a significant decline of -24.9% q/q, but still up +6.8% y/y. Even though it managed to grow on an annual basis, the result fell short of our expectations. The sequential decline reflected the lower contribution from the pulp segment, which was penalized by a combination of **(i)** lower shipped volumes, **(ii)** compression in realized prices, and **(iii)** acceleration in COGS/t with the concentration of scheduled maintenance. In the year-on-year comparison, growth of +6.8% y/y was sustained by higher sales volumes in both divisions.

In the pulp division, EBITDA was R$4.3bn (-6.4% vs. Genial Est), slowing down -25.8% q/q but up +9.0% y/y, with the sequential decline explained by the sharp drop in shipments (-19.3% q/q) and the acceleration of costs, pressured by the effect of scheduled maintenance. In the year-on-year comparison, the increase was sustained by higher sales volume (+10.4% y/y), driven by Cerrado’s ramp-up, in addition to the favorable FX rate. In the paper segment, EBITDA came in at R$612mn (-13.9% vs. Genial Est.), down -18.6% q/q and -6.7% y/y. The q/q decline ultimately reflected lower volumes (-9.4% q/q) and maintenance stoppages in Mucuri (BA) and, consequently, lower cost dilution considering weaker seasonality.

In relation to 1Q24, the decline was due to higher costs, SG&A and the effects of the integration of Suzano Packaging US operations.

Table 4. EBITDA Suzano (1Q25 vs. Genial Est.)

(R$ millions)	1Q25 Reported	1Q25E Genial Est.	% R/E	4Q24 Reported	% q/q	1Q24 Reported	% y/y
Adjusted EBITDA	**4.866**	**5.257**	**-7,4%**	**6.481**	**-24,9%**	**4.558**	**6,8%**
Pulp	4.254	4.546	-6,4%	5.730	-25,8%	3.902	9,0%
Paper	612	710	-13,9%	751	-18,6%	656	-6,7%

Source: Suzano, Genial Investimentos

Significant Net income due to strong reversal driven by non-cash effects. The company reported Net income of R$6.3bn in 1Q25 (+14.4% vs. Genial Est.), exceeding our projections, reversing the accounting loss of -R$6.7bn in 4Q24 and comfortably increasing the profit of R$220mn in 1Q24. In sequential comparison, the reversal was due to the strong positive financial result of +R$7.7bn (vs. -R$15.6bn in 4Q24), explained by **(i)** the appreciation of the BRL/USD EoP (USD/BRL of R$5.74 vs. R$6.19 in 4Q24), accounting for a reduction in the value of foreign currency debt (~85% of total debt); and **(ii)** the normalization of the derivatives line, with a gain of R$3.7bn (vs. a loss of R$5.4bn in 4Q24). On an annual basis, the +28x y/y jump also reflected the effect of the BRL/USD EoP appreciation on net financial income combined with higher EBITDA (+6.8% y/y), in addition to a weak base effect, as 1Q24 was pressured by net financial losses.

Table 5. Income Statement Suzano (1Q25 vs. Genial Est.)

(R$ millions)	1Q25 Reported	1Q25E Genial Est.	% R/E	4Q24 Reported	% q/q	1Q24 Reported	% y/y
Net Revenue	**11.553**	**12.004**	**-3,8%**	**14.176**	**-18,5%**	**9.459**	**22,1%**
COGS	(7.729)	(7.273)	6,3%	(8.761)	-11,8%	(5.700)	35,6%
Adjusted EBITDA	**4.866**	**5.257**	**-7,4%**	**6.481**	**-24,9%**	**4.558**	**6,8%**
EBITDA Margin (%)	42,1%	43,8%	-1,7p.p	45,7%	-3,6p.p	48,2%	-6,1p.p
EBIT	**2.259**	**3.275**	**-31,0%**	**4.414**	**-48,8%**	**2.552**	**-11,5%**
EBIT Margin (%)	19,6%	27,3%	14,8p.p	31,1%	-11,6p.p	27,0%	-7,4p.p
D&A	(2.497)	(1.982)	26,0%	(2.810)	-11,1%	(1.982)	26,0%
Financial Result	7.696	5.465	40,8%	(15.556)	-	(3.040)	-
Net Income	**6.348**	**5.548**	**14,4%**	**(6.738)**	**-**	**220**	**2781,5%**
Net Margin (%)	54,9%	46,2%	-4,1p.p	-47,5%	-	2,3%	52,6p.p

Source: Suzano, Genial Investimentos

Our take on Suzano

FCF was slightly below expectations. Excluding only the outflow or the distribution of **dividends/equity interest** (R$2.2bn), but considering the total CAPEX invested (sustaining + growth), we found that the company reported **FCF** of **+R$1.0bn** (-7.2% vs. Genial Est.), vs. a burn of -R$1bn in 1Q24 (also excluding equity interest). The difference between our projection vs. reported figure ultimately reflected the impact of **(i) CAPEX** of **R$3bn** (+5.1% vs. Genial Est.), which came in slightly above our expectations, but still represented a reduction of -29% q/q and -27% y/y. In addition, we note **(ii)** EBITDA below estimates (-7.4% vs. Genial Est.), mitigating **(iii)** the high release of **working capital** (WC) of **R$1.3bn** (+21% vs. Genial Est.) and **(iv)** lower net interest expenses (-18.8% vs. Genial Est.). However, if we take into consideration the net change in debt (funding – amortization), which reached -R$6bn, we see that the company's actual **FCFE** would be a **burn** of **-R$5bn**, due to the high level of **amortizations during the quarter**, which totaled **R$13bn**, continuing the company's **deleveraging plan**, which reached a gross debt of R$91bn (-10% q/q).

Capital allocation risks still hold back investors interest. The high **FCF outflow** — up to **~US$4bn** (R$22.75bn) in possible acquisitions of the **tissue division** of **Kimberly-Clark (KC)** or **pulp assets of International Paper (IP)** is a concern. The IP operation, with 2.3Mtpy of BSKP + Fluff and US$2.8bn in revenue, would have an estimated value of **~US$2bn**, a **less costly** impact than KC. In a scenario of **high interest rates** and a focus on **deleveraging**, intense M&A activity could **overshadow future gains** (such as the ramp-up of Ribas do Rio Pardo) and put pressure on shares. We believe that the **market reaction tends to be proportional** to the value of the deal, with **less aversion if it is with IP**. In addition, the leverage could be pushed over to **4.8x Net debt/EBITDA** (a limit that we believe is feasible for maintaining investment grade) and **doubts about synergies** and profitability, especially at KC, increase the perceived risk. KC's **geographical diversity** hinders integration and reduces strategic appeal. On the other hand, the previous conversations we have had with KC indicate a possible **segmented sale by region**, which could make the assets more **appealing to Suzano** — especially if there is a **partnership in the acquisition**. Even so, the uncertain scenario **keeps investors reluctant** and **with less long exposure** to stock as they would if there were no risks of controversial decisions in capital allocation.

With no significant M&As, we continue to expect a deleveraging path in 25E. As all of the scenarios outlined above are hypothetical, as we mentioned in our preview report, we continue to believe in the **deleveraging path**, which actually decreased to **3.1x Net Debt/EBITDA** in **BRL** in **1Q25** (+0.1x vs. Genial Est.; -0.2x q/q) given the combination of **(i)** the effect of the USD/BRL FX rate depreciation on debt issued in USD (-R$5.7bn); **(ii)** the +6.8% y/y increase in EBITDA entering the LTM base, even though it fell short of expectations; and **(iii)** the high release of working capital (R$1.3bn). **Excluding FX rate variation**, we saw that the **leverage ratio** in **USD increased** to **3.0x** (+0.1x q/q), contrary to our expectations (vs. 2.8x Genial Est.).

This signals that the **reduction in leverage** in **BRL** occurred much more because of the slowdown in the EoP FX rate (R$5.74 vs. R$6.19 in 4Q24) on the valuation of debt denominated in USD than necessarily due to a more substantial increase in EBITDA or FCF generation. For 2025, if no deal is concluded – whether the division of **tissue from Kimberly Clark International (KC)** or **pulp assets in the US from International Paper (IP)**, **–** we believe it is plausible to continue to assume a downward trajectory for the **Net Debt/EBITDA** ratio in **BRL** to **2.7x 25E.**

Pulp: Negative pressure on BHKP prices should persist. In April, the spot price of **BHKP** fell to **US$633/t** (-3.7% m/m), impacted by **(i) US-China tariffs**; **(ii) high inventories** in Chinese ports; and **(iii) seasonally weak demand** from the paper industry. For May, we project a **+4.5% m/m increase in supply**, driven by the end of maintenance at local mills and the arrival of **record volumes** from **Brazil and Chile** (which together account for more than 60% of Chinese imports). **Demand, in turn, should remain weak**, typical of the **off-season** for the paper industry in China. This mismatch between supply and demand reinforces the scenario of **deflationary pressure** on the BHKP curve, although the **import cost** (~US$900/t) may establish a **temporary bottom** given the difference with the domestic **resale price**. On the macro level, **geopolitical and trade uncertainties** continue to affect market sentiment, with **lower operating rates** in the paper industry and a weakening order book for market pulp players.

A martyrdom. As previously stated, we understand that this was **a martyrdom quarter,** whether due to **(i)** excessive penalties arising from the effects of maintenance downtimes or **(ii)** the amortization of a large amount of gross debt principal, for example. With the **recovery in operational efficiency on a large scale**, without the effects of scheduled stoppages in 2Q25-3Q25, as well as **entering a period of better seasonality**, in addition to achieving a reduced gross debt base for the next quarter due to the **efforts made this quarter in amortizations**, also leading to lower interest expenses, we believe that the company is not only **paving the way for deleveraging** itself but also preparing for a joint, phased movement of **several benefits that should be reflected in FCF** (~13% unlevered yield), more than offsetting this pain. Given this, we have maintained our **12M Target Price** at **R$63.50**, both due to the hope of a reversal in the scale of the 1Q25 result and the fact that it is trading at a **25E EV/EBITDA** of **5.8x** (vs. historical average of 7x), thus reiterating our **BUY rating** and implying an **upside** of **+23.4%**.

Appendix: Suzano

Figure 1. Suzano – Income Statement in R$ Millions (Genial Est. 2025-2028)

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**52.239**	**57.232**	**55.778**	**56.601**
(-) COGS	(30.443)	(32.046)	(31.886)	(32.040)
Gross Profit	**21.796**	**25.186**	**23.892**	**24.560**
(-) Expenses	(6.122)	(6.864)	(6.850)	(6.952)
Adjusted EBITDA	**24.735**	**27.775**	**26.567**	**27.168**
(-) D&A	(9.062)	(9.452)	(9.525)	(9.560)
EBIT	**15.674**	**18.322**	**17.042**	**17.609**
(+/-) Financial Result	(5.456)	(9.835)	(3.808)	(8.543)
(-) Taxes	(3.854)	(3.100)	(4.834)	(3.311)
Net income	**6.363**	**5.387**	**8.401**	**5.754**
Profitability				
Net margin (%)	12,2%	9,4%	15,1%	10,2%

Figure 2. Suzano– Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**52.239**	**57.232**	**55.778**	**56.601**
(-) COGS	(30.443)	(32.046)	(31.886)	(32.040)
Adjusted EBITDA	**24.735**	**27.775**	**26.567**	**27.168**
EBIT	**15.674**	**18.322**	**17.042**	**17.609**
(-) Taxes	(3.854)	(3.100)	(4.834)	(3.311)
(+) D&A	9.062	9.452	9.525	9.560
(+/-) Δ WK	(73)	(206)		(146)
(-) Capex	(12.772)	(10.109)	(9.766)	(9.787)
FCFF	**8.037**	**14.360**	**12.133**	**13.924**

Disclosure Section

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	Definition	Coverage
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under Review	Under review	**5%**

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