

SUZANO

4Q25 Preview: Old story, same conviction

LatAm Pulp & Paper

Main takeaways:

(i) Pulp shipments estimated at **3.2Mt Est.** (+1.2% q/q; -2.5% y/y), reflecting broadly flat sequential dynamics following positive 3Q-4Q seasonality, largely offset by the -3.5% nominal capacity reduction implemented since Aug/25 and scheduled maintenance stoppages, with efficient assets continuing to operate near full capacity; **(ii) Pulp realized price** projected at **R\$2,834/t Est.** (-0.9% q/q; -16.8% y/y), reflecting still-depressed international benchmarks and residual USD/BRL FX effects, with BHKP China at US\$507/t (+4% q/q) and Europe at US\$542/t (-3% q/q), while announced price hikes should have limited impact due to contractual lag; **(iii) Paper sales** estimated at **448Kt Est.** (+2.7% q/q; +4.0% y/y), supported by normalization at Pine Bluff (AR) and seasonal strength in Brazil related to PNLD and institutional demand; realized price expected at **R\$7,131/t Est.** (+0.2% q/q; +3.0% y/y), reflecting stable contracts and mix allocation, with no effective price increases in the quarter; **(iv) Consolidated net revenue** projected at **R\$12.3bn Est.** (+0.9% q/q; -13.5% y/y), with sequential stability supported by flat pulp volumes and higher paper shipments, while the annual decline is driven by weaker pulp price realization, which continues to represent ~75% of total revenues; **(v) COGS/t ex-stoppages** estimated at **R\$771/t Est.** (-3.7% q/q; -4.4% y/y), supported by USD/BRL softening and structural efficiency gains, remaining conservatively above the soft guidance of ~R\$807/t; including stoppages, total COGS/t should reach **R\$802/t Est.** (-1.3% q/q; -8.9% y/y), reflecting the concentration of scheduled downtimes; **(vi) EBITDA** projected at **R\$5.0bn Est.** (-4.8% q/q; -23.6% y/y); **(viii) The company** continues to trade at an **EV/EBITDA 26E** of **5.6x** (vs. historical average of 7x), which we believe is excessively discounted, we reiterate our **BUY rating**, with a **12M Target Price** of **R\$63.50**, implying an **upside of +24.2%**.

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Company

SUZB3 BZ Equity
Buy

Price: R\$ 51.28 (27-Jan-2026)
Target Price 12M: R\$ 63.50

SUZ US Equity
Target Price 12M: US\$ 11.75

Table 1. Shipments Summary (4Q25 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported	Reported		
Summary (Shipments)	4Q25E	3Q25	% q/q	4Q24	% y/y
Pulp	3.202	3.165	1,2%	3.284	-2,5%
Paper	448	436	2,7%	430	4,0%

Source: Suzano, Genial Investimentos

Table 2. Income Statement Summary (4Q25 Genial Est.)

(R\$ millions)	Genial Est.	Reported	Reported		
Income Statement	4Q25E	3Q25	% q/q	4Q24	% y/y
Net Revenue	12.268	12.153	0,9%	14.176	-13,5%
Adjusted EBITDA	4.950	5.200	-4,8%	6.481	-23,6%
Net Income	(1.900)	1.961	-	(6.737)	-71,8%

Source: Suzano, Genial Investimentos

Suzano will release its **4Q25** results on **Feb. 12**, after the market closes. We project a quarter of a continue operational pressure, still driven by a **challenging pulp pricing environment**, although with sequential stabilization in volumes. We estimate **pulp shipments of 3.2Mt Est.** (+1.2% q/q; -2.5% y/y), reflecting near-flat sequential dynamics after the implementation of the **-3.5%** nominal production capacity cut (as of Aug/25) and the occurrence of scheduled maintenance stoppages across Aracruz B line, Suzano and Limeira. The limited q/q variation should reflect the partial impact of the curtailment during the quarter and the continued ramp-up of the **Ribas do Rio Pardo** (Cerrado Project), which remains close to full utilization and supports operational stability (and lower COGS/t), despite a tougher annual comparison base.

On pricing, we estimate **realized pulp prices at R\$2,834/t Est.** (-0.9% q/q; -16.8% y/y), reflecting residual effect of the USD/BRL FX rate averaging -1% q/q. Although spot benchmarks showed some uptrends (more on that further down), especially with **BHKP China at US\$507/t** (+4% q/q), elevated inventories and signs of weak demand continue to limit pricing power. We believe announced price increases toward year-end (3 rounds of +US\$20/t in Asia) should have **limited impact** on **4Q25 results due to contractual lags**. In the **paper business**, we project **sales of 448Kt Est.** (+2.7% q/q; +4.0% y/y), supported by stable operations at Pine Bluff (AR) and seasonal strength in Brazil. Realized prices should remain broadly flat at **R\$7,131/t Est.** (+0.2% q/q; +3.0% y/y), reflecting mix allocation rather than effective price hikes.

Within this context, we project Consolidated **Net Revenue of R\$12.3bn Est.** (+0.9% q/q; -13.5% y/y), with the pulp division remaining the main drag despite stable volumes, while paper provides partial mitigation. We estimate **COGS/t ex-stoppages at R\$771/t Est.** (-3.7% q/q; -4.4% y/y), supported by FX relief on USD-indexed inputs and ongoing efficiency gains, though still above the company's soft guidance (R\$807/t target vs. R\$815/t 25E). Looking at COGS/t including stoppages, our model points to R\$802/t Est. (-1.3% q/q; -8.9% y/y).

As a result, we project Adjusted **EBITDA of R\$4.9bn Est.** (-4.8% q/q; -23.6% y/y), with margin pressure in pulp outweighing cost relief. Finally, we expect a loss in the **bottom line at -R\$1.9bn Est.** (-71.8% y/y), reflecting the deterioration in the net financial result due to FX effects on USD-denominated debt, but reinforcing that the loss is accounting-driven and **non-cash in nature**.

4Q25 Preview: In detail!

Pulp: Shipments should remain broadly stable q/q. We project pulp shipments to reach 3.2Mt Genial Est. (+1.2% q/q; -2.5% y/y), reflecting broadly marginal increase in volumes on a sequential basis following the positive seasonality in between the 3Q-4Q. We interpret the limited q/q variation as the combined **(i)** effect of the -3.5% nominal production capacity reduction (implemented as of Aug/25), and **(ii)** the occurrence of scheduled maintenance stoppages across three units – Aracruz B line (ES), Suzano (SP) and Limeira (SP). We assess that, as the capacity cut only partially affected the quarter, its impact on shipments should be diluted, resulting in near-flat sequential dynamics.

We are not assuming any material inventory destocking. Therefore, we expect production and sales to remain broadly aligned, with the reduction in available capacity and the impact of downtimes being largely reflected in shipment volumes. The production curtailment remains selective in nature, targeting older and higher-cost assets, while more efficient units — notably Ribas do Rio Pardo-MS (Cerrado Project), with its optimized forestry base and state-of-the-art machinery — should continue to operate close to full capacity.

We note that the decision reinforces Suzano's stance of productive rationality amid a global pulp market still characterized by elevated inventories and signs of restraint in Brazilian exports to China toward year-end. Even so, seasonal factors linked to restocking dynamics in Asia may provide some support to volumes within the quarter. On an annual basis, the slight contraction reflects a tougher comparison base, following the strong shipment levels recorded in 4Q24.

Pulp: Price pressure eases sequentially but remains significant y/y. We estimate that pulp realized prices will reach R\$2,834/t Genial Est. (-0.9% q/q; -16.8% y/y), reflecting the combined effect of **(i)** still-depressed international benchmarks, despite some passthroughs toward quarter-end; and **(ii)** the residual impact of the USD/BRL FX rate dynamics on BRL conversion, since it averaged R\$5,40 in 4Q25 (-1% q/q). In our view, this level ends up stalling the strong compression we saw earlier in the year, as pricing continues to follow the standard contractual mechanics, with an average one-month delay between PIX/FOEX references and shipment realization, consistent with Suzano's commercial structure.

Based on our methodology, assuming 50% of volumes allocated to China and 50% to Europe/US (as was the case last quarter, with Europe/US gaining more relevance vs. China), with average discounts of ~3% in China and ~48% in Europe — the BHKP China benchmark was headed to US\$507/t (+4% q/q), while Europe declined to US\$542/t (-3% q/q). We emphasize that both curves remain constrained elevated inventories and signs of demand slowdown, particularly in China, despite some recent upward movements. As we have been saying for some time, the BHKP price fell almost 12M below marginal cost, so upward adjustments were to be expected, supported by capacity cuts (either by Suzano or other majors), but even so, the recovery is on a very low base.

Along these lines, although the company announced additional price increases toward year-end and into Jan/26 (+US\$20/t to Asia), we believe their impact on realized prices in 4Q25E should remain limited, given the contractual lag and the timing of negotiations, which tend to concentrate in the 2H of the month.

Paper: Volumes stable; prices broadly flat amid normal seasonality. We project that paper sales will reach 448Kt Genial Est. (+2.7% q/q; +4.0% y/y), with sequential stability reflecting a back-to-normal operating pace across assets. In the US, the Pine Bluff (AR) unit should continue to operate at stable levels, after the recovery observed in 3Q25 following the maintenance stoppage earlier in the year. Given the volumes already committed under long-term contracts, Pine Bluff tends to exhibit lower seasonality, which supports a flattish shipment profile in the quarter. In Brazil, we expect some seasonal support to volumes in 4Q, driven by paper industry preparations for the beginning of the school year and deliveries related to the National Textbook Program (PNLD), in addition to resilience in graphic and institutional channels.

The realized price is expected to reach R\$7,131/t Genial Est. (+0.2% q/q; +3.0% y/y), indicating practical sequential stability. We emphasize there were no effective price announcements during the quarter, and the pricing dynamic should mainly reflect mix allocation decisions by the commercial team, as volumes are directed toward segments with relatively better realizations. Recently announced price increases for certain paper grades (including uncoated and paperboard) are expected to take effect only from Feb/26 onward and therefore should not impact 4Q25E results.

Net Revenue: Pulp division still hinders growth. We project consolidated Net Revenue of R\$12.3bn Genial Est. (+0.9% q/q; -13.5% y/y), reflecting a still challenging pricing environment in the pulp segment, which continues to account for ~75% of total revenues. On a sequential basis, the slight increase should be explained by broadly stable pulp volumes and marginally higher shipments level in paper, while pricing dynamics remain the main constraining factor.

The pulp division is expected to post revenue of R\$9.1bn Genial Est. (+0.3% q/q; -18.9% y/y), reflecting near-flat shipment volumes combined with a still depressed realized price in BRL, in line with weaker international benchmarks and the average USD/BRL FX rate in the quarter. Although the nominal capacity reduction and scheduled maintenance stoppages limited supply, these effects should be largely offset by the positive seasonality in between the 3Q-4Q, resulting in broadly stable sales volumes. In the annual comparison, the strong contribution from the Ribas do Rio Pardo (Cerrado Project) ramp-up should be more than offset by the sharp contraction in realized prices (-16.8% y/y), keeping pulp as the main drag on consolidated revenues. The paper business is set to R\$3.2bn Genial Est. (+2.9% q/q; +7.1% y/y), supported by almost flat shipments and pricing. On an annual basis, growth should reflect volume recovery and resilient pricing.

Table 3. Revenue Suzano (4Q25 Genial Est.)

(R\$ millions)	4Q25E		3Q25		4Q24	
	Genial Est.	Reported		% q/q	Reported	% y/y
Net Revenue	12.268	12.153		0,9%	14.176	-13,5%
Pulp	9.075	9.050		0,3%	11.194	-18,9%
Paper	3.192	3.103		2,9%	2.981	7,1%

Source: Suzano, Genial Investimentos

COGS/t: Gradual reduction, but still above soft guidance. We project Cash COGS/t ex-stoppages to reach R\$771/t Genial Est. (-3.7% q/q; -4.4% y/y), reflecting the gradual cost reduction trend. In our view, the sequential decline should be supported by a combination of (i) USD/BRL FX rate softening, which alleviates pressure on USD-indexed inputs, particularly chemicals and energy; and (ii) structural efficiency gains, including lower wood consumption, improved harvesting efficiency, and ongoing fixed-cost rationalization across both industrial and forestry operations.

We remain conservative relative to the company's soft guidance of ~R\$807/t, assuming ~R\$815/t for 25E. Also, as was passed on by management, the company would probably exceed the soft guidance a little, just as we had anticipated.

This calibration reflects the recognition that, despite solid execution, part of the cost trajectory remains exposed to factors outside company's control, including FX volatility and setbacks related to maintenance dynamics, resulting in consequences linked to fixed cost dilution. The projected sequential decline is therefore consistent with the gradual convergence path communicated by the company, rather than an aggressive front-loaded adjustment.

Cash COGS/t including stoppages is estimated at R\$802/t Genial Est. (-1.3% q/q; -8.9% y/y). The smaller sequential improvement reflects the concentration of scheduled downtimes at Aracruz (line B), Limeira, and Suzano, as well as residual non-recurring maintenance costs, such as boiler servicing, which were previously diluted across quarters with more frequent stoppages. We believe that last year's downtimes were more intense than the ones of this quarter, explaining part of the projected decline in the y/y base.

EBITDA: Downfall both q/q and mainly y/y. We project adjusted EBITDA of R\$5.0bn Genial Est. (-4.8% q/q; -23.6% y/y), reflecting a deterioration in operating results driven primarily by the pulp division, partially offset by the relative stability of the paper segment. In our view, the continued pressure on pulp prices should outweigh the gradual relief observed in COGS/t. In the pulp business, we estimate EBITDA of R\$4.3bn Genial Est. (-4.0% q/q; -25.3% y/y), with the decline mainly explained by the combination of **(i)** still-depressed realized prices and **(ii)** flat shipments levels.

On a sequential basis, the limited volume variation should not be sufficient to offset weaker price realization, while on an annual basis, the strong operational contribution from the Ribas do Rio Pardo (Cerrado Project) ramp-up should continue to be more than neutralized by the sharp contraction in pulp prices, keeping EBITDA under significant pressure vs. 4Q24. The paper division is projected to report EBITDA of R\$669mn Genial Est. (-9.4% q/q; -10.9% y/y), reflecting a sequential and annual decline. While the operations at Pine Bluff (AR) post break-even continue to support the asset's stabilization, the segment should not be enough to counterbalance the deterioration observed in pulp segment during the quarter.

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

(R\$ millions)	4Q25E	3Q25	4Q24		
	Genial Est.	Reported	% q/q	Reported	% y/y
Adjusted EBITDA	4.950	5.200	-4,8%	6.481	-23,6%
Pulp	4.281	4.462	-4,0%	5.730	-25,3%
Paper	669	739	-9,4%	751	-10,9%

Source: Suzano, Genial Investimentos

Net Income: Loss driven by financial results. We project the bottom line with a loss of -R\$1.9bn Genial Est. (reversing the net income of R\$2bn at 3Q25; but a loss -71,8% lower in y/y). In the q/q comparison, the reversal should mainly reflect the material deterioration in the net financial result, projected at -R\$5.3bn Genial Est., and the sequential decline in Adjusted EBITDA. The financial result should be heavily impacted by FX effects on USD-denominated debt, driven by the USD/BRL EoP appreciation (+3% q/q), which contrasts with the positive non-recurring FX impact observed in previous quarters.

Table 5. Income Statement Suzano (4Q25 Genial Est.)

(R\$ millions)	4Q25E	3Q25		4Q24	
	Genial Est.	Reported	% q/q	Reported	% y/y
Net Revenue	12.268	12.153	0,9%	14.176	-13,5%
COGS	(8.570)	(8.454)	1,4%	(8.759)	-2,2%
Adjusted EBITDA	4.950	5.200	-4,8%	6.481	-23,6%
EBITDA Margin (%)	40,4%	42,8%	-2,4p.p	45,7%	-5,4p.p
EBIT	2.083	1.970	5,8%	4.416	-52,8%
EBIT Margin (%)	17,0%	16,2%	0,8p.p	31,2%	-14,2p.p
D&A	(2.802)	(2.890)	-3,0%	(2.810)	-0,3%
Financial Result	(5.283)	1.052	-	(15.556)	-66,0%
Net Income	(1.900)	1.961	-	(6.737)	-71,8%
Net Margin (%)	-15,5%	16,1%	-	-47,5%	32p.p

Source: Suzano, Genial Investimentos

Our take on Suzano

BHKP: Cost pressure drives differentiated pulp price gains in 4Q25. We emphasize that China's imported wood pulp spot market trended slightly higher (+4% q/q) in 4Q25, with price performance largely shaped by cost dynamics rather than an improvement in underlying demand. The **most pronounced gains** were observed in **BHKP**, supported by consecutive increases in import offers between Aug-Oct, which pushed arrival costs higher and translated into firmer spot prices. In contrast, broader pulp market fundamentals remained weak, as downstream paper demand in China recovered only slowly and profitability across the paper industry stayed under pressure, limiting mills' acceptance of higher-priced pulp. At the same time, the continued release of new pulp capacity kept overall supply relatively loose, capping the upside for most grades. Overall, we assess the quarter was characterized by **cost-driven strength concentrated in BHKP**, coexisting with loose supply-demand conditions and more subdued price movements in BSKP and other fiber grades, resulting in a clearly differentiated market trajectory.

BHKP: Cost support still underpins prices at 1Q26E, but demand limits. In **1Q26E**, we believe rising prices for import offers are expected to lift pulp arrival cost for tissue mills in China, even as demand remains weak. Successive increases in **BHKP** from **Nov/25-Jan/26** are expected to push **prices up** by **+6% Est. vs. Dec.**, assuming a stable FX environment, also encouraging tentative price increases by tissue mills to pass on those costs. As a result, the cost side is likely to continue anchoring pulp prices at more elevated levels during the early part of 1Q26, rowing toward a partial recovery from a period where the curve was very low, touching the marginal production cost of for almost an entire year.

On the **pulp supply** side, growth is set to slow down, partially offsetting weak paper demand. With no major new capacity for market pulp scheduled to come online in **1Q26E**, China domestic output growth (stemming mainly from additions in 4Q25) is expected to edge up by **+1.5% Est. m/m in Jan.**

Meanwhile, we assess that **import flow** is projected to decline by **-6% Est. m/m**, reflecting **(i)** production cuts by pulp majors (including Suzano), **(ii)** recovering overseas demand and **(iii)** higher domestic takeover costs. We believe this slowdown should help cushion prices against weak consumption, particularly ahead of the New Year's Eve (Lunar calendar, 17-Feb). However, these effects should be temporary. We assess that **pulp prices** will **weaken after reaching a near-term high** (already in 2Q26E). We continue to project an average of **US\$550/t 26E** (flat vs. Dec).

Demand dynamics remain the main drag. On **paper supply** side, new capacity in ivory board, tissue, and press utilities starting up in **1Q26E**, will likely continue to increase supply and undermine profitability. So, we expect **margins for coated and uncoated paper to decline** by **-3.0p.p.** and **-3.5p.p.** by the end of the quarter, respectively, encouraging destocking and constraining pulp price pass-through.

Old story, same conviction. Overall, the not-so-great datapoints, such as the **(i)** still unbalanced supply-demand outlook, a **(ii)** slightly higher 27E TOD released at Suzano Day, and the **(iii)** discussion around potential monetization of non-core assets, do not materially alter the investment thesis at this stage. In our view, these elements largely reflect **external macro dynamics**, rather than deterioration in fundamentals. In particular, the recent decline in U.S. interest rates has reinforced expectations of a USD/BRL contraction, a backdrop that is typically negative for domestic exporters in the short term. That said, we believe this FX headwind is likely to be transitory, as Brazil approaches the **2026 electoral cycle** — historically associated with a rising country risk premium — which may once again provide an **uplift to FX rate**.

From a **micro standpoint**, part of the investor discomfort stems from the **upward revision** to the **27E TOD**. However, we point out that this adjustment is predominantly explained by inflation pass-through and FX normalization, rather than signaling any meaningful internal cost deterioration. Even after a +4% upward revision in 26E nominal terms — which we acknowledge as a point of attention — the level remains **far from alarming** in our assessment.

Looking ahead, our view remains unchanged. China's cost-floor in a reversal trajectory and structurally tightening, greenfield projects are economically unviable at current prices. There are some industry's rebalancing vectors, although not all of them can be incorporated into the BHKP pricing model today. Combined with the company's disciplined capital allocation, reinforced by the **less intense CAPEX cycle** going forward (-18% y/y 26E) and robust **FCF Yield** of **16% 26E**, even with pulp prices in our model fixed at an average of **US\$550/t 26E** (-14% vs. last 3Y average), we see no structural shift in fundamentals. Coupled with the fact that the company continues to trade at an **EV/EBITDA 26E** of **5.6x** (vs. historical average of 7x), which we believe is excessively discounted, we reiterate our **BUY rating**, with a **12M Target Price of R\$63.50**, implying an **upside of +24.2%**.

Appendix: Suzano

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	49.269	51.145	52.823	54.821
(-) COGS	(33.360)	(28.385)	(29.053)	(28.781)
Gross Profit	15.909	22.760	23.770	26.040
(-) Expenses	(6.722)	(6.905)	(7.395)	(9.594)
Adjusted EBITDA	21.104	24.038	24.299	24.669
(-) D&A	(11.028)	(9.718)	(10.036)	(10.416)
EBIT	9.187	15.855	16.375	16.446
(+/-) Financial Result	7.890	(2.010)	(2.070)	(2.132)
(-) Taxes	(5.655)	(9.760)	(10.080)	(10.124)
Net income	11.422	4.085	4.225	4.190
Profitability				
Net margin (%)	23,2%	8,0%	8,0%	7,6%

Figure 2. Suzano – Cash Flow in R\$ Millions (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	49.269	51.145	52.823	54.821
(-) COGS	(33.360)	(28.385)	(29.053)	(28.781)
Adjusted EBITDA	21.104	24.038	24.299	24.669
EBIT	9.187	15.855	16.375	16.446
(-) Taxes	(5.655)	(9.760)	(10.080)	(10.124)
(+) D&A	11.028	9.718	10.036	10.416
(+/-) Δ WK	985	1.023	1.056	1.096
(-) Capex	(13.300)	(10.900)	(10.742)	(10.542)
FCFF	2.245	5.935	6.645	7.292

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	Definition	Coverage
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under Review	Under review	5%

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