

SUZANO

4Q25 Review: Yield story in a weak tape

LatAm Pulp & Paper

Main takeaways:

(i) Pulp shipments totaled **3.4Mt** (+6.4% vs. Est.), increasing **+7.6% q/q** and **+3.7% y/y**, outperforming expectations despite the -3.5% nominal capacity cut implemented in Aug/25, reflecting stronger-than-anticipated shipment flows supported by geographic diversification (higher exposure to Europe and North America) and positive 3Q-4Q seasonality; **(ii) Realized pulp price** reached **R\$2,897/t** (+2.2% vs. Est) growing **+1.3% q/q**, slightly above expectations, supported by a modest recovery in international BHKP benchmarks toward quarter-end and broadly stable USD/BRL FX (-1% q/q), while still pressured on a y/y basis by depressed benchmark levels; **(iii) Paper shipments** totaled **474Kt** (+5.9% vs. Est.), increasing **+8.7% q/q** and **+10.1% y/y**; **realized paper price** stood at **R\$6,845/t** (-4% vs. Est), decreasing **-3.8% q/q**, reflecting unfavorable mix and the absence of effective price increases, partially offset by higher realizations at Suzano Packaging US; **(iv) Net Revenue** reached **R\$13.1bn** (+6.9% vs. Est.), up **+7.9% q/q**, but down **-7.5% y/y**, driven by higher sales volumes in both pulp and paper and improved USD-denominated pulp pricing, partially offset by weaker paper prices and FX; **(v) COGS/t ex-stoppages** reached **R\$778/t** (+0.9% vs. Genial Est.; -2.9% q/q; -3.6% y/y), broadly in line, reflecting lower input consumption, confirming our accurate convergence prediction path at **~R\$815/t** (full year; -2% vs. 2024); including stoppages, COGS/t totaled **R\$809/t** (+0.9% vs. Est.; -0.4% q/q; -8.1% y/y); **(vi) EBITDA** reached **R\$5.6bn** (+12% vs. Est.), increasing **+7.4% q/q**, but decreasing **-13.9% y/y**, exceeding expectations, driven by higher shipment volumes and improved pulp pricing in USD; **(vii) With the stock trading at 5.3x EV/EBITDA 26E** (below historical levels of ~7x), and **FCF Yield** of **15% 26E**, we reiterate our **BUY** rating and **12M Target Price of R\$63.50**, implying an **upside of +24%**.

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Company

SUZB3 BZ Equity
Buy

Price: R\$ 51.12 (10-Feb-2026)
Target Price 12M: R\$ 63.50

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

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

(Thousand Tonnes - kt)	Reported	Genial Est.	Reported	Reported	Reported	Reported	
Summary (Shipments)	4Q25	4Q25E	% R/E	3Q25	% q/q	4Q24	% y/y
Pulp	3,406	3,202	6,4%	3,165	7,6%	3,284	3,7%
Paper	474	448	5,9%	436	8,7%	430	10,1%

Source: Suzano, Genial Investimentos

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

(R\$ millions)	Reported	Genial Est.	Reported	Reported	Reported	Reported	
Income Statement	4Q25	4Q25E	% R/E	3Q25	% q/q	4Q24	% y/y
Net Revenue	13,114	12,268	6,9%	12,153	7,9%	14,176	-7,5%
Adjusted EBITDA	5,583	4,950	12,8%	5,200	7,4%	6,481	-13,9%
Net Income	116	(1,900)	-	1,961	-94,1%	(6,737)	-

Source: Suzano, Genial Investimentos

Suzano released its **4Q25 results yesterday**, Feb. 10, after the market closed. We assess that the company has exceeded most of the impact indicators, with the **positive highlight** going to **Pulp shipments**, which reached **3.4Mt** (+6.4% vs Genial Est.; +9.5% vs. BBG Consensus), up +7.6% q/q and +3.7% y/y, despite the **-3.5%** nominal capacity cut implemented as of Aug/25. This ended up supporting greater **EBITDA acceleration** (+7.4% q/q), which in turn clocked in at **R\$5.6bn** (+12.8% vs. Genial Est.; +7% vs. BBG Consensus). The stronger-than-anticipated performance reflects that **(i)** geographical diversification had a stronger-than-expected impact, with Europe and North America likely exceeding our combined 50% sales-share estimate vs. China, and **(ii)** continued Asia strength with pre-Chinese New Year restocking increased shipment volumes.

The company continued to surprise us with a **realized price** of **R\$2,897/t** (+2.2% vs. Genial Est.), increasing **+1.3% q/q**, still significant **-15.0% y/y** contraction, signaling slight sequential uptrend after several quarters of sharp compression. There was indeed a mild recovery in international BHKP benchmarks toward quarter-end (+6% q/q in China). Year-end Asia price hikes totaled +US\$60/t (3 rounds of +US\$20/t) but should have had limited impact on 4Q25 due to contractual lags. We believe above-estimate performance **likely reflected mix**: higher penetration in Europe and North America (premium vs. China) probably helped offset tough y/y comps, though realized prices remained well below historical levels. In USD terms, net prices averaged US\$537/t (+2% q/q; -8% y/y). It is worth noting that USD/BRL FX rate softened only a bit (-1% q/q.)

In **paper, sales** reached **474Kt** (+5.9% vs. Genial Est.), advancing **+8.7% q/q** and **+10.1% y/y**, outperforming expectations, supported by strong domestic demand in Brazil and the operational stabilization of Pine Bluff (AR), which remained at breakeven. Domestic volumes benefited from seasonal strength linked to PNLD-related demand and resilient performance across printing and writing, tissue segment, and packaging. Pricing, however, did not mirror volume strength, with **realized prices** at **R\$6,845/t** (-4.0% vs. Genial Est.), declining **-3.8% q/q** and **-1.2% y/y**, pressured by an unfavorable mix and the absence of effective price increases.

Consolidated **Net Revenue** totaled **R\$13.1bn** (+6.9% vs. Genial Est.), exceeding expectations and rising **+7.9% q/q**, but weakening **-7.5% y/y**. The better-than-expected result on the top line was driven primarily by higher shipment volumes across both pulp and paper divisions. Cash **COGS/t ex-stoppages** clocked in at **R\$778/t** (+0.9% vs. Est.), slowing down **-2.9% q/q** and **-3.6% y/y**, supported by lower input consumption, improved utilities performance, and reduced fixed expenses. Cost behavior ended up confirming our accurate convergence prediction path at **~R\$815/t** (full year; -2% vs. 2024), above soft guidance of ~R\$807/t. Cash COGS/t including stoppages reached R\$809/t (+0.9% vs. Est.), down -0.4% q/q and -8.1% y/y.

The **Adjusted EBITDA** reached **R\$5.6bn** (+12.8% vs. Genial Est.), exceeding our projections and the street (+7% vs. BBG Consensus), rising **+7.4% q/q**, as volume recovery outweighed residual pricing pressure. Still, although this was a result above expectations, we do not consider it a perfect quarter, with EBITDA compression of **-13.9% y/y**, leading to a margin squeeze of -3.1p.p y/y. It is also worth mentioning that the comparative basis is in fact more tough, with USD/BRL FX rate averaged at 5.40 (vs. 5.85 in 4Q24) and BHKP benchmark in US\$523/t (-5% y/y).

Net income was reported at **R\$116mn** (vs. loss of -R\$1.9bn Genial Est.), down - **94.1% q/q**, but reversing the net loss of R\$6.7bn in 4Q24, driven primarily by non-recurring accounting effects, notably biological asset revaluation, while financial results remained structurally weak, reinforcing that bottom-line strength in the quarter **was not operationally recurring**. Effects on the bottom line **do not usually affect stock performance**, since the company has several non-cash derivative mechanisms, in addition to the adjustment made in this quarter, which was non-recurring.

4Q25 Review: In detail!

Pulp: Shipments outperformed estimates. Pulp sales totaled 3.4Mt (+6.4% vs. Genial Est.), exceeding our projection and rising +7.6% q/q and +3.7% y/y, a movement that reflects stronger-than-expected shipment dynamics despite the -3.5% nominal capacity cut implemented as of Aug/25. Sequential growth was primarily driven by higher volumes shipped to North America, Europe, and Asia, benefiting from positive seasonality in the 3Q-4Q transition and resilient demand conditions in key end markets. We assess that production discipline remained in place, but its impact on volumes proved more diluted than expected, as more efficient assets continued to operate close to full capacity, such as Ribas do Rio Pardo-MS (Cerrado Project).

In addition, when we focus our analysis on the shipment's locations, we found that geographical diversification probably had more extensive effects than we had anticipated, with notable growth in Europe and North America. The company does not disclose the sales share, but it may have been higher than our 50% Est. for both regions combined. This, coupled with continued strength in Asia, with seasonal restocking ahead of the Chinese New Year, generated a more intense shipments flow. On an annual basis, growth was sustained by the ongoing ramp-up of the Cerrado Project (MS), which remains close to nominal capacity and continues to consolidate its position as the main driver of operational performance, offsetting the tougher comparison base from 4Q24.

Pulp: Price also above projections, but still down sharply y/y. The pulp realized price reached R\$2,897/t (+2.2% vs. Genial Est.), also above our forecast, while registering a +1.3% q/q increase and a still significant -15.0% y/y contraction. The sequential stabilization reflects the combined effect of a modest recovery in international BHKP benchmarks toward quarter-end and the USD/BRL FX dynamic, depreciating by only -1% q/q, partially neutralizing higher USD-denominated prices. In USD terms, the average net price stood at US\$537/t (+2% q/q; -8% y/y), confirming that price compression pace eased materially compared to prior quarters, albeit from a low base.

At the benchmark level, quarterly average PIX/FOEX indices for BHKP rose +6% q/q in China and +4% q/q in Europe, supported by **(i)** higher domestic woodchip costs, **(ii)** seasonal restocking ahead of the Chinese New Year, and **(iii)** announced supply curtailments (both planned and unplanned), among global players. Even so, we emphasize that inventories remained elevated and demand recovery uneven, especially in China, which continued to constrain pricing power. We have ascertained that the above-estimate performance was also probably supported by company's geographic mix, with elevated penetration in Europe and North America (regions that trade at a premium vs. China) helping mitigate the challenging y/y comparison, with realized prices remaining well below historical levels.

Paper: Volumes outperform expectations; prices disappoint. We note that paper sales totaled 474Kt (+5.9% vs. Genial Est.), exceeding expectations and advancing +8.7% q/q and +10.1% y/y, driven by a strong performance in the Brazilian domestic market (DM) and the continued operational stabilization of Pine Bluff (AR-US), which remained at breakeven levels throughout the quarter. In Brazil, sales reached 297Kt, rising +19% q/q, supported by higher deliveries of printing & writing papers and tissue segment, reflecting seasonal strength linked to PNLD-related demand, in addition to resilience across graphic and institutional channels.

We also highlight the solid performance of the paperboard segment in the DM, in line with typical 4Q seasonality associated with retail preparation for year-end sales. In the international market, paper sales totaled 178Kt (37% of consolidated volumes), down -5% q/q. Sequential contraction reflects a deliberate allocation strategy favoring the DM amid stronger demand, alongside lower exports of uncoated paper from Brazil and a reduction in volumes sold by Suzano Packaging US. On a yearly basis, international volumes rose +29% y/y, driven by the full-quarter consolidation of U.S. operations, compared to only 2M of contribution in 4Q24. On the paper pricing front, the favorable volume dynamics were not replicated. The realized paper price stood at R\$6,845/t (-4.0% vs. Genial Est.), declining -3.8% q/q and -1.2% y/y, reflecting (i) the absence of effective price increases and (ii) a less favorable mix, with price pressure concentrated in the printing & writing and consumer goods segments, both domestically and internationally. These negative effects were partially offset by the higher average realization at Suzano Packaging US (prices up +12% y/y).

Net Revenue: Sequential recovery led by volumes despite FX. Consolidated Net revenue reached R\$13.1bn (+6.9% vs. Genial Est.), up +7.9% q/q, but decreasing -7.5% y/y, with both divisions contributing to the positive deviation vs. our projections. The sequential increase was primarily driven by (i) higher sales volumes in both pulp and paper divisions, combined with (ii) higher average net pulp price in USD, partially offset by the (iii) lower realized paper price and a -1% USD/BRL FX rate softening. On an annual basis, the contraction reflects the weaker FX environment and lower USD-denominated pulp prices, which more than offset the solid volume growth across both segments.

The pulp business generated revenue of R\$9.9bn (+8.7% vs. Genial Est.), advancing +9.0% q/q while still declining -11.9% y/y. We assess that sequential expansion was driven by higher shipment volumes and the recovery in average pulp prices in USD, partially offset by FX effects. Despite the positive volume dynamics, the annual decline continues to reflect the still-depressed realized pulp prices in USD and the weaker average USD/BRL FX rate, which remain the main drags on revenue generation, even as shipments benefited from the ongoing ramp-up of Ribas do Rio Pardo mill (Cerrado Project-MS) and a favorable geographic mix (more weight on US/Europe vs. China).

Revenue from the paper segment totaled R\$3.2bn (+1.7% vs. Genial Est.), rising +4.6% q/q and +8.9% y/y, supported by higher-than-expected volumes and a strong performance in the Brazilian domestic market, driven by seasonal strength linked to PNLD-related demand and the full-quarter consolidation of U.S. operations, which more than offset the weaker realized paper price. On an annual basis, the revenue expansion reflects both volume recovery and the growing contribution from higher value-added products, despite persistent pricing pressure in more mature international markets.

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

(R\$ millions)	4Q25 Reported	4Q25E Genial Est.	% R/E	3Q25 Reported	% q/q	4Q24 Reported	% y/y
Net Revenue	13.114	12.268	6,9%	12.153	7,9%	14.176	-7,5%
Pulp	9.867	9.075	8,7%	9.050	9,0%	11.194	-11,9%
Paper	3.247	3.192	1,7%	3.103	4,6%	2.981	8,9%

Source: Suzano, Genial Investimentos

COGS/t: Down q/q, but still above soft guidance. Cash COGS/t ex-stoppages was reported at R\$778/t (+0.9% vs. Genial Est.), basically in line with our estimates, slowing down -2.9% q/q and -3.6% y/y, reinforcing the gradual cost convergence trend observed over recent quarters. We believe the sequential reduction reflects a combination of **(i)** lower input costs, driven by reduced consumption of fuel (oil), lime and chlorin dioxide; **(ii)** lower fixed expenses, mainly associated with lessen labor outlays; **(iii)** minor wood costs, supported by a reduced average radius; and **(iv)** improved utilities performance, partly due to higher volumes of exported energy. In addition, the -1% depreciation of the average USD/BRL FX rate contributed to easing the cost structure of USD-indexed inputs.

As we already anticipated in our preview, our more conservative projection relative to the company's soft guidance of ~R\$807/t was accurate (we were assuming ~R\$815/t for 25E). The company ended 2025 with exactly R\$815/t as we presumed (ahead of consensus), reflecting 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.

Cash COGS/t including stoppages reached R\$809/t (+0.9% vs. Genial Est.), down -0.4% q/q and -8.1% y/y. The more limited sequential decline reflects the concentration of scheduled maintenance downtimes during the quarter, which diluted part of the underlying cost improvements. Even so, we note that cost performance in 4Q25 remained consistent with the company's communicated convergence path, supported by structural efficiency gains related to the Ribas do Rio Pardo ramp-up, improved forestry productivity, and ongoing optimization across industrial and energy operations.

Adjusted EBITDA: Better than expected, but still sharply down y/y. The company reported a consolidated adjusted EBITDA of R\$5.6bn (+12.8% vs. Genial Est.), exceeding our projections, rising +7.4% q/q, but still declining -13.9% y/y. The sequential improvement was primarily driven by higher sales volumes of both pulp and paper, alongside a recovery in the realized pulp price, which more than offset higher cash COGS and an increase in SG&A expenses. Despite the positive q/q performance, we assess that annual contraction continues to reflect the weaker pulp pricing environment and USD/BRL FX rate softening, which limited margin recovery.

Analyzing by segment, the pulp division delivered EBITDA of R\$4.8bn (+12.1% vs. Genial Est.), advancing +7.5% q/q, while contracting -16.3% y/y. The sequential expansion was driven by higher shipment volumes and improved USD-denominated pricing. Conversely, the y/y decline remained largely explained by the lower pulp prices and FX effects, despite ongoing cost convergence.

It's important to note that a more favorable geographic mix, with continued relevance of North America and Europe, helped mitigate part of the pricing pressure during the quarter. In the paper division, EBITDA reached R\$785mn (+17.3% vs. Genial Est.), increasing +6.3% q/q and +4.5% y/y, outperforming expectations. The improvement reflects stronger volumes in the Brazilian domestic market, the stabilization of Pine Bluff (AR) operations at breakeven, and lower SG&A expenses, which more than offset the pressure from weaker realized paper prices.

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

(R\$ millions)	4Q25	4Q25E	% R/E	3Q25	% q/q	4Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
Adjusted EBITDA	5.583	4.950	12,8%	5.200	7,4%	6.481	-13,9%
Pulp	4.798	4.281	12,1%	4.462	7,5%	5.730	-16,3%
Paper	785	669	17,3%	739	6,3%	751	4,5%

Source: Suzano, Genial Investimentos

Net Income: Profit explained by non-recurring accounting effects. Net income was reported at R\$116mn (vs. loss of -R\$1.9bn Genial Est.), down -94.1% q/q, but reversing the net loss of R\$6.7bn in 4Q24. The result came above expectations, as a (i) materially stronger operating performance, reflected in EBIT, was combined with (ii) a lower-than-anticipated loss in the financial result during the quarter. At the operating level, performance was meaningfully above estimates, mainly driven by "Other Operating Revenues", which totaled R\$1.3bn, reflecting the positive revaluation of biological assets following the fair value update of forestry assets.

This non-recurring accounting effect, together with a smaller financial loss of -R\$3.4bn (vs. -R\$5.3bn Genial Est.), explains most of the deviation vs. our expectations at the bottom line. Importantly, the financial result reversed the gain of R\$1.1bn in 3Q25, but improved materially from the loss of -R\$15.6bn in 4Q24, reinforcing the view that the quarter's profitability was driven by accounting effects rather than a structural improvement in financial dynamics.

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

(R\$ millions)	4Q25	4Q25E	% R/E	3Q25	% q/q	4Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
Net Revenue	13.114	12.268	6,9%	12.153	7,9%	14.176	-7,5%
COGS	(9.098)	(8.570)	6,2%	(8.454)	7,6%	(8.759)	3,9%
Adjusted EBITDA	5.583	4.950	12,8%	5.200	7,4%	6.481	-13,9%
EBITDA Margin (%)	42,6%	40,4%	2,2p.p	42,8%	-0,2p.p	45,7%	-3,1p.p
EBIT	3.545	2.083	70,2%	1.970	80,0%	4.416	-19,7%
EBIT Margin (%)	27,0%	17,0%	10,1p.p	16,2%	10,8p.p	31,2%	-4,1p.p
D&A	(3.071)	(2.802)	9,6%	(2.890)	6,3%	(2.810)	9,3%
Financial Result	(3.411)	(5.283)	-35,4%	1.052	-	(15.556)	-78,1%
Net Income	116	(1.900)	-	1.961	-94,1%	(6.737)	-
Net Margin (%)	0,9%	-15,5%	-	16,1%	-15,3p.p	-47,5%	-

Source: Suzano, Genial Investimentos

Our take on Suzano

Strong FCF supported by EBITDA and lower CAPEX; leverage still >3x. The company reported **FCF** of **R\$2.3bn** (+30% vs. Genial Est.), up **+6.7x q/q** and **+90% y/y**, well above estimates, reflecting a more favorable combination of **(i)** a greater EBITDA, clocked in at R\$5.6bn (+13% vs. Est; +7% q/q), and **(ii)** softer **CAPEX**, which stood at **R\$2.8bn** (-7% vs. Genial Est.), declining -20% q/q and -35% y/y, as sustaining investments remained below the peak execution levels associated with the Cerrado Project.

We assess that the performance was overwhelmingly positive, despite of a **(iii)** lower than expected working capital (**WC**) release of **R\$661mn** (-37% vs. Est.; +43% q/q; +3% y/y), mainly driven by inventory reductions amid higher pulp and paper sales volumes; and a **(iv)** higher than projected **interest payments** of **R\$841mn** (+19% vs. Genial Est.; -46% q/q; +37% y/y), but netter on y/y basis due to the bonds' payment schedule and the absence of premiums paid on early debt redemptions during the quarter. Leverage closed the year at **3.2x Net Debt/EBITDA** in BRL (-0.1x vs. Genial Est.), increasing **+0.1x q/q**, marginally lower vs. expectations, reflecting a higher EBITDA vs. Est. entering in the LTM base, offsetting a slightly increase in net debt, which reached R\$69.4bn (+1% vs. Est.), increasing +0.4% q/q, mainly driven by the appreciation of the USD/BRL FX rate (+3% q/q) during the quarter.

Doubles down on discipline: Less pulp, more buybacks. The company announced two capital allocation decisions reinforcing its disciplined approach to value creation. The company will **(i)** maintain pulp production **~3.5% below nominal capacity throughout 26E**, extending the operating rate reduction disclosed in Aug/25, as management assessed that restarting marginal volumes would not generate adequate returns. In parallel, **(ii)** Suzano's Board approved a **new share buyback program** authorizing the repurchase of up to **40 million common shares** (~6.5% of free float or ~3% do market cap, at current price) over an 18M period ending in Aug/27, funded by profit and capital reserves.

We believe it is important to note that the new buyback program reinforces our perception that the current share price level continues to understate the company's fundamentals. It is worth remembering that we are using a premise of weakening pulp prices throughout the year, at US\$550/t 26E (vs. US\$570/t spot), and yet we still see upside in the stock. The company emphasized that the buyback is fully compatible with its financial position and will not impact on debt obligations or mandatory dividend payments.

BHKP China: Pulp prices soften in Jan amid weak demand. In Jan, the China pulp market showed a clear loss of momentum, particularly in BSKP, as weak demand conditions reasserted themselves. Early in the month, spot prices edged higher, supported by rising import offers and spillover from **BHKP price hikes**. However, from mid-Jan onward, we note that pulp futures began to fluctuate lower, and in the **absence of any meaningful improvement in downstream demand**, spot prices adjusted downward in line with futures contract movements. As a result, BSKP prices also weakened visibly toward late Jan. To recap, **BHKP** pricing was initially supported by **(i)** tighter availability (reduced shipment levels y/y from Brazil and Chile) and a **(ii)** further +US\$20/t (Dec) + US\$10/t (coming in Feb) upsurge in new import offers from some overseas suppliers (Suzano leading passthroughs), which helped sustain relatively bullish sentiment.

Conversely, we have always been more cautious, indicating that **price increases** would be **difficult to sustain**. That said, from late Jan, the arrival of previously contracted shipments at ports reduced downstream mills' urgency to purchase spot volumes, limiting the execution of transactions at elevated prices. Even so, supported by cost pressure and still-tight supply, the **downside in BHKP prices remained contained** and did not fully reverse earlier gains.

Even so, we do not disregard that cost-side support remains a partial buffer. Import offers continued to rise in December and given a shipping lead time of ~2 months, Feb spot availability will largely reflect overseas orders placed in Dec/25. During that period, **BHKP** import offers increased by **+US\$20/t**, lifting theoretical arrival costs. These higher costs should help slow the pace of price corrections that will probably lay ahead.

China Demand: Lower paper industry operating rates weaken pulp appetite.

Operating rates across major downstream paper grades have declined since the beginning of Jan, reflecting softer demand conditions and more cautious production planning. By end of Jan, utilization rates squeezed further by **(i)** -6.1p.p. m/m in coated paper; **(ii)** -1.9p.p. m/m in uncoated paper; **(iii)** -0.7p.p. m/m in tissue; and **(iv)** -1.4p.p. in ivory board. We believe the broad-based nature of these declines highlights the extent of operational adjustments across the paper industry. As we have already mentioned in our sector reports and in our earnings preview, this deterioration in downstream operating conditions will likely have direct impact on the enthusiasm for pulp purchases by paper mills. With production plans scaled back and sales momentum slowing, paper industry starts to **limit purchases to essential demand**, reinforcing a more defensive buying pattern.

We expect downstream demand to weaken further heading into the **Chinese New Year's Eve** (17-Feb-3-Mar), as paper mills gradually enter holiday shutdowns from Feb onward. Based on historical patterns, while leading producers may maintain relatively normal operations, many small and mid-sized mills typically begin suspending production around two weeks before the holiday, resulting in a **phased contraction in pulp demand**. This seasonal slowdown is likely to exert increasing downward pressure on pulp prices and reduce support for further price increases in the near term. Therefore, we maintain our bet on the **downward trend in pulp prices** at **2Q26E**, towards our projected average of **US\$550/t 26E** (vs. US\$570/t on spot market).

Yield story in a weak tape. It's nothing new that the macro backdrop remains challenging. According to our view, **pulp prices** in China should start to **lose momentum** amid weaker downstream operating rates and seasonal demand ahead of the Lunar New Year (17-Feb). The near-term supply-demand ratio is still unbalanced, and recent price hikes have once again proven difficult to sustain. Furthermore, from the perspective of attracting investors to long positions, an **increasingly weaker USD/BRL FX rate** (-5.3% YTD) continues to weigh on sentiment.

On the other hand, **financial metrics are still appealing**. Even under softer pulp pricing (BHKP China averaged US\$523/t; -25% vs. 3Y historical), the company generated robust FCF during the quarter (R\$2.3bn; +30% vs. Est.), which makes our **FCF Yield of 15% 26E** more credible, supported by and meaningfully **lighter CAPEX profile** (-18% y/y 26E), following the peak execution phase of the Cerrado Project.

In addition, we believe that company's decision to keep **total pulp production below nominal capacity** throughout 26E highlights a clear focus on **profitability over volume**. If other major players are also disciplined (as they were at the end of last year), it is possible that the pulp curve will not present a downtrend as we are anticipating nowadays (US\$550/t 26E vs. US\$570/t on spot market), which is yet another upside for FCF Yield. Regarding issues related to USD/BRL FX rate, we still point out that, as Brazil approaches the **2026 electoral cycle** — historically associated with a rising country risk premium —, we believe it may once again provide an **uplift to FX rate** and, consequently, a feeling of attractiveness correlated to the shares that may be **lifted toward it's fair value**. With the stock trading at **5.3x EV/EBITDA 26E** (below historical levels of ~7x), we reiterate our **BUY rating** and **12M Target Price of R\$63.50**, implying an **upside of +24%**.

Appendix: Suzano

Figure 1. Suzano – Income Statement in R\$ Millions (Genial Est. 2026-2029)

Income Statement	2026E	2027E	2028E	2029E
Net Revenue	51.162	51.274	51.173	53.778
(-) COGS	(31.358)	(30.701)	(29.870)	(31.070)
Gross Profit	19.804	20.573	21.303	22.708
(-) Expenses	(7.062)	(7.162)	(7.141)	(7.478)
Adjusted EBITDA	25.010	25.604	26.286	27.331
(-) D&A	(11.275)	(11.209)	(11.123)	(11.025)
EBIT	12.743	13.411	14.162	15.231
(+/-) Financial Result	(1.651)	(5.110)	(5.109)	(9.359)
(-) Taxes	(4.506)	(3.372)	(3.677)	(3.597)
Net income	6.586	4.929	5.375	2.275
Profitability				
Net margin (%)	12,9%	9,6%	10,5%	4,2%

Figure 2. Suzano – Cash Flow in R\$ Millions (Genial Est. 2026-2029)

Cash Flow (FCFF)	2026E	2027E	2028E	2029E
Net Revenue	51.162	51.274	51.173	53.778
(-) COGS	(31.358)	(30.701)	(29.870)	(31.070)
Adjusted EBITDA	25.010	25.604	26.286	27.331
EBIT	12.743	13.411	14.162	15.231
(-) Taxes	(4.506)	(3.372)	(3.677)	(3.597)
(+) D&A	11.275	11.209	11.123	11.025
(+/-) Δ WK	1.196	1.041	1.023	1.076
(-) Capex	(10.900)	(10.742)	(10.587)	(10.433)
FCFF	9.808	11.547	12.044	13.301

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under Review	Under review	5%

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