

SUZANO

1Q26 Preview: Worst is priced in

LatAm Pulp & Paper

Main takeaways:

(i) Pulp shipments of 2.5Mt Est. (-25.3% q/q; -4.0% y/y), reflecting four concentrated maintenance stoppages including Ribas do Rio Pardo (MS), Chinese New Year seasonality and the ongoing -3.5% curtailment, with the Ribas restart expected to carry a less severe penalty than 2025 given normalized capacity; **(ii) Pulp realized price at R\$2,913/t Est.** (+0.5% q/q; -10.3% y/y), reflecting firmer BHKP benchmarks (+9% q/q PIX China; +3% q/q PIX Europe) more than offset by USD/BRL softening to R\$5.26 (-3% q/q; -10% y/y), with Europe discount widening to **52%** (+4p.p. q/q) on long-term contract inflation adjustments; **(iii) Paper sales of 392Kt Est.** (-17.3% q/q; +0.5% y/y), reflecting typical 1Q seasonal weakness with Pine Bluff (AR) operating normally; **realized price at R\$6,678/t Est.** (-2.4% q/q; -11.4% y/y), driven by FX pressure rather than commercial deterioration; **(iv) Consolidated Net Revenue of R\$10.0bn Est.** (-23.5% q/q; -13.2% y/y); **(v) Cash COGS/t ex-stoppages at R\$818/t Est.** (+5.1% q/q; -4.8% y/y), reflecting higher wood consumption during stoppages partially offset by FX relief on USD-indexed inputs; including stoppages, total COGS/t reaches R\$894/t Est. (+10.5% q/q; -7.2% y/y); **(vi) Adjusted EBITDA of R\$4.2bn Est.** (-24.3% q/q; -13.2% y/y), margin at **42.1%** (-0.5p.p. q/q; flat y/y), with **Net Income of R\$2.2bn Est.** (vs. R\$116mn in 4Q25; -64.9% y/y), supported by a +R\$5.3bn swing in the financial result driven by favorable FX on USD-denominated debt; **(vii) With the stock trading at 5.2x 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 +34%**.

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Company

SUZB3 BZ Equity
Buy

Price: R\$ 47.35 (22-Apr-2026)
Target Price 12M: R\$ 63.50

SUZ US Equity
Target Price 12M: US\$ 12.80

Table 1. Shipments Summary (1Q26 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Shipments)	1Q26E	4Q25	% q/q	1Q25	% y/y
Pulp	2,545	3,406	-25.3%	2,651	-4.0%
Paper	392	474	-17.3%	390	0.5%

Source: Suzano, Genial Investimentos

Table 2. Income Statement Summary (1Q26 Genial Est.)

(R\$ millions)	Genial Est.	Reported		Reported	
Income Statement	1Q26E	4Q25	% q/q	1Q25	% y/y
Net Revenue	10,029	13,114	-23.5%	11,552	-13.2%
Adjusted EBITDA	4,224	5,583	-24.3%	4,866	-13.2%
Net Income	2,227	116	1817.0%	6,348	-64.9%

Source: Suzano, Genial Investimentos

Suzano will release its **1Q26** results on **Apr. 29**, after the market closes. We project a quarter dominated by a **sharp volume contraction in pulp division** (2.5Mt Est.; -25.3% q/q; -4.0% y/y), with sequential revenue pressure stemming from the concentration of scheduled downtimes (impacting 223Kt Est. from production lines), combined with Chinese New Year seasonality and the continuation of the -3.5% production curtailment through end-2026. Even with a slight increase in realized price in BRL (+0.5% Est.), **EBITDA is expected to take a heavy hit** due to the decline in volume. We project a consolidated **EBTIDA of R\$4.2bn Est.** (-24.3% q/q; -13.2% y/y).

As we mentioned earlier, we estimate **pulp shipments of 2.5Mt Est.** (-25.3% q/q; -4.0% y/y), reflecting the most volume-constrained quarter in recent history for the company, though one that is structural and temporary in nature rather than demand-driven. On pricing, the picture improves modestly at the margin: we estimate **realized pulp prices at R\$2,913/t Est.** (+0.5% q/q; -10.3% y/y), supported by firmer BHKP benchmarks in USD terms (+9% q/q PIX China; +3% q/q PIX Europe), though partially offset by USD/BRL FX softening to R\$5.26 (-3% q/q; -10% y/y). In the paper business, we project sales of **392Kt Est.** (-17.3% q/q; +0.5% y/y), reflecting the segment's typical 1Q seasonal weakness, with realized prices at **R\$6,678/t Est.** (-2.4% q/q; -11.4% y/y), weighed down by FX pressure on FM pricing.

Within this context, we project Consolidated **Net Revenue of R\$10.0bn Genial Est.** (-23.5% q/q; -13.2% y/y), with both divisions declining as the volume collapse in pulp dominates the top line. On costs, the stoppage concentration should push **COGS/t ex-stoppages to R\$818/t Est.** (+5.1% q/q; -4.8% y/y) — above the prior quarter's R\$778/t, as downtime periods generate above-normal input consumption and also affect the fix cost dilution — while **COGS/t including stoppages** should reach **R\$894/t Est.** (+10.5% q/q; -7.2% y/y), consistent with management's **soft guidance at R\$778/t 26E**, which points to 1Q as the seasonal cost peak. For now, we will keep our estimate in line with that figure and monitor developments to see if the company can stay within its target.

As a result, we project **Adjusted EBITDA of R\$4.2bn Genial Est.** (-24.3% q/q; -13.2% y/y), though with a notably resilient **EBITDA margin of 42.1%** (-0.5%p.p. q/q; flat y/y), reflecting the underlying efficiency of the asset base even under a heavy stoppage load. At the bottom line, we project **Net Income of R\$2.2bn Genial Est.** (vs. R\$116mn in 4Q25; -64.9% y/y), with the sharp sequential recovery driven by a swing in the net financial result to **R\$1.9bn Est.** (vs. -R\$3.4bn in 4Q25), as the USD/BRL EoP rate moved favorably relative to 4Q25 levels (R\$5.18 vs. R\$5.50 in 4Q25). Please note that these fluctuations relate to FX hedging instruments and have no cash effect; therefore, these movements do not affect investors' perception of the results.

1Q26 Preview: In detail!

Pulp: Downtimes and seasonality drive sharp q/q volume decline. We project pulp shipments of 2.5Mt Genial Est. (-25.3% q/q; -4.0% y/y), reflecting a combination of three concurrent factors that make 1Q26 quite softer quarter: **(i)** seasonal dynamics weigh on volumes, as the Chinese New Year (17-Feb-3-Mar) and the Shanghai Pulp holiday (16-20Mar) introduce delays in contract execution, compressing effective shipping days, in addition to internal inventory restocking in 1Qs, since the company sold a large portion of its inventory in 4Q25;

In addition, **(ii)** four scheduled maintenance stoppages are concentrated in 1Q26E, including at Ribas do Rio Pardo-MS (Cerrado Project), with each facility carrying a rule-of-thumb impact of 12–15 days of downtime; Ribas contributes the most meaningful volume effect, with a small tail extending into 2Q26E; and **(iii)** the -3.5% nominal production curtailment, announced in Aug/25, remains in force through end-2026, continuing to cap available output across the portfolio.

Pulp: Price recovers modestly sequentially on cost support. We estimate pulp realized prices clocking in at R\$2,913/t Genial Est. (+0.5% q/q; -10.3% y/y), reflecting a marginal sequential improvement driven primarily by firmer BHKP benchmarks in USD (+9% q/q PIX China; +3% q/q PIX Europe), which rose amid a downward price trend during the 1H25, approaching the producer's marginal cost, in addition to supply disruptions between the end of 2025 and the beginning of this year. Nevertheless, we would like to point out that this movement was partially offset by a decrease in USD/BRL FX rate to R\$5.26 (-3% q/q; -10% y/y).

Based on our methodology, we maintain a 50/50 volume allocation between China and Europe/US (consistent with recent quarters), applying a one-month delay to both regions. The y/y decline is mainly expressed by the lower USD/BRL FX rate more than offsetting the firmer BHKP benchmarks (+2% y/y PIX China; +13% y/y PIX Europe). The key change vs. 4Q25 is the widening of the Europe discount to 52% (+4p.p. q/q) reflecting the standard beginning-of-year inflation adjustment on long-term contracts. For China, we have applied the same discount of 3–5% as assumed last quarter.

Paper: Seasonal weakness; FX weighs on realized prices. On paper sales, our model points to 392Kt Genial Est. (-17.3% q/q; +0.5% y/y), reflecting the typical seasonality pattern that characterizes the segment, as volumes tend to start the year at their weakest and build progressively through the quarters, reaching peak levels in Sep–Nov. There are no operational disruptions to flag. Both the domestic and external markets are running at stable levels, with Pine Bluff (AR) continuing to operate normally under its long-term contract commitments. On an annual basis, the near-flat comparison reflects the absence of any meaningful volume growth catalyst, with seasonal timing largely explaining the trajectory.

Realized prices are expected to reach R\$6,678/t Genial Est. (-2.4% q/q; -11.4% y/y), with the sequential and annual declines driven primarily by a depressed USD/BRL FX rate to R\$5.26 (-3% q/q; -10% y/y) on the international market (FM) pricing rather than any deterioration in underlying commercial conditions. In the domestic market (DM), pricing remains stable with no meaningful hike announcements. The pronounced y/y decline similarly reflects the less favorable FX environment vs. 1Q25, compounded with a slightly lower USD average price as well.

Net Revenue: Decline as operational and FX headwinds converge. We project consolidated Net Revenue of R\$10.0bn Genial Est. (-23.5% q/q; -13.2% y/y), reflecting the simultaneous pressure from lower pulp volumes (the primary driver) and USD/BRL FX headwinds affecting realizations across both divisions. The pulp segment should remain the dominant factor shaping consolidated results, with the sequential contraction driven by the **(i)** concentration of maintenance stoppages, **(ii)** seasonal dynamics, and **(iii)** the ongoing production curtailment.

The pulp division is expected to post revenue of R\$7.4bn Genial Est. (-24.9% q/q; -13.9% y/y), with the sharp sequential decline explained by the massive drop in shipments, partially offset by the modest improvement in realized prices. On an annual basis, the decline reflects the combined effect of lower volumes and a still-depressed BRL price realization, as the stronger BHKP benchmarks in USD terms are more than offset by the weaker USD/BRL rate vs. 1Q25.

The paper business is projected at R\$2.6bn Genial Est. (-19.4% q/q; -11.0% y/y), with the sequential decline driven by the typical 1Q seasonal weakness in shipments and FX pressure on international division pricing. On an annual basis, the contraction reflects the less favorable USD/BRL FX environment, compounding a slightly softer USD-denominated price level.

Table 3. Revenue Suzano (1Q26 Genial Est.)

(R\$ millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	10,029	13,114	-23.5%	11,552	-13.2%
Pulp	7,411	9,867	-24.9%	8,610	-13.9%
Paper	2,618	3,247	-19.4%	2,941	-11.0%

Source: Suzano, Genial Investimentos

COGS/t: Below last year's levels; Stoppages weight on q/q. We project Cash COGS/t ex-stoppages at R\$818/t Genial Est. (+5.1% q/q; -4.8% y/y), reflecting a sequential increase driven by the higher wood and fiber consumption associated with the concentration of four maintenance stoppages (Aracruz line A-ES, Imperatriz-MA, Ribas do Rio Pardo-MS, Veracel-BA), as downtime periods tend to generate above-normal input consumption even on an ex-stoppage basis, given the reduced ability to spread fixed costs across a reduced volume.

This partially offsets the relief from USD/BRL FX rate softening to R\$5.26 (-3% q/q; -10% y/y), which alleviates pressure on USD-indexed inputs such as caustic soda and other imported chemicals. The trajectory is consistent with management's soft guidance at R\$778/t 26E (for now, we're modeling it the same way), whereby 1Q26E represents the seasonal peak in COGS/t, and we should expect a gradual improvement through the remainder of the year as stoppages are completed and fixed costs are diluted over higher volumes.

Cash COGS/t including stoppages is estimated at R\$894/t Genial Est. (+10.5% q/q; -7.2% y/y), with the sharper sequential increase reflecting the direct impact of four downtimes. According to our estimates, all-stoppages cost is set to reach R\$76/t Est. (-27% y/y).

We note that the Ribas stoppage should carry a less pronounced restart penalty than the 2025 stoppage (it was the first ever downtime) as the asset now operates at normalized capacity, implying a more efficient return to full utilization post-maintenance.

EBITDA: Drop by double digits. We project adjusted EBITDA of R\$4.2bn Genial Est. (-24.3% q/q; -13.2% y/y), with the sequential contraction driven overwhelmingly by the sharp volume decline in the pulp division, as the concentration of four maintenance stoppages, seasonal dynamics, and the ongoing curtailment compress shipments well below normalized levels. The modest q/q improvement in pulp realized prices and the partial USD/BRL FX relief on COGS/t ex-stoppages provide only limited offset against the revenue loss from lower volumes. Notably, the EBITDA margin holds at 42.1% Est. (-0.5p.p. q/q; flat y/y), reflecting the cost structure's resilience — a function of structural efficiency gains and a more favorable FX backdrop on USD-indexed inputs — which prevents the volume-driven revenue decline from translating into meaningful margin erosion on an annual basis.

In the pulp business, we estimate EBITDA of R\$3.6bn Genial Est. (-25.2% q/q; -15.6% y/y), with the decline explained primarily by **(i)** the sharp contraction in shipments driven by the stoppage concentration and seasonal headwinds, and **(ii)** the higher COGS/t including stoppages, reflecting lower fixed cost dilution and above-normal input consumption during downtime periods. The paper division is projected to report EBITDA of R\$633mn Genial Est. (-19.4% q/q; +3.5% y/y), with the sequential decline consistent with the segment's typical 1Q seasonal volume weakness. The positive annual comparison reflects stable domestic pricing and operational continuity at Pine Bluff (AR), which has reached its breakeven point only around 2H25, so that the y/y comparison is still based on a weaker foundation.

Table 4. EBITDA Suzano (1Q26 Genial Est.)

(R\$ millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Adjusted EBITDA	4,224	5,583	-24.3%	4,866	-13.2%
Pulp	3,591	4,798	-25.2%	4,254	-15.6%
Paper	633	785	-19.4%	612	3.5%

Source: Suzano, Genial Investimentos

Net Income: Financial result swings, driving strong bottom-line recovery. We project Net Income of R\$2.2bn Genial Est. (vs. R\$116mn reported in 4Q25; -64.9% y/y), with the sharp sequential recovery explained primarily by the reversal in the net financial result to R\$1.0bn Est. (vs. -R\$3.4bn in 4Q25) — a swing of +R\$5.3bn q/q — driven by FX effects on USD-denominated debt as the USD/BRL FX EoP rate moved favorably relative to the level in 4Q25 (R\$5.18 vs. R\$5.50 in 4Q25).

This contrasts with last quarter's material financial loss, which reflected BRL appreciation compressing the mark-to-market of USD-linked liabilities. On an annual basis, the decline should reflect a high comparison base, as 1Q25 benefited from an exceptionally strong financial result given the USD/BRL FX EoP rate at the time. Please note that these fluctuations relate to FX hedging instruments and have no cash effect; therefore, these movements do not affect investors' perception of the results.

Table 5. Income Statement Suzano (1Q26 Genial Est.)

(R\$ millions)	1Q26E	4Q25	% q/q	1Q25	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	10,029	13,114	-23.5%	11,552	-13.2%
COGS	(7,353)	(9,098)	-19.2%	(7,728)	-4.9%
Adjusted EBITDA	4,224	5,583	-24.3%	4,866	-13.2%
EBITDA Margin (%)	42.1%	42.6%	-0.5p.p	42.1%	0p.p
EBIT	1,278	3,545	-64.0%	2,259	-43.4%
EBIT Margin (%)	12.7%	27.0%	-14.3p.p	19.6%	-6.8p.p
D&A	(2,708)	(3,071)	-11.8%	(2,497)	8.4%
Financial Result	1,862	(3,411)	-	7,696	-75.8%
Net Income	2,227	116	1817.0%	6,348	-64.9%
Net Margin (%)	22.2%	0.9%	21.3p.p	55.0%	-32.8p.p

Source: Suzano, Genial Investimentos

Our take on Suzano

BSKP softens further while BHKP holds firm. 1Q26 saw a persistent **supply-demand imbalance in the BSKP market in China**. Overseas mills operated normally throughout the quarter, with continuous cargo arrivals gradually lifting port inventory pressure. We note that downstream demand offered no offset, as paper industry profitability remained depressed, driving mills to substitute away from imported BSKP to control raw material costs, and the Spring Festival shutdown in Jan slowed consumption further. With no relief on either side, BSKP spot prices trended steadily lower, closing at **US\$734/t** as of **01/Apr** (-3% vs. early Mar/26).

BHKP told a different story: major global exporters announced **(i)** output cuts; **(ii)** scheduled maintenance; **(iii)** controlled shipment volumes, tightening supply; **(iv)** rising energy and freight costs added to **overseas production pressure**. In addition, Post-Spring Festival recovery in downstream operating rates supported essential buying. BHKP closed at **US\$662/t** as of **01/Apr** (+0.3% vs. early Mar/26), with the BSKP/BHKP spread narrowing to just **US\$71/t** (the tightest in recent years).

Pulp: We expect prices to decline at 2H26E. Our thought is that the **2Q26E** outlook should sustain the **weak BSKP/firm BHKP structure**. 2Q26E is a traditional **off-season** for pulp and paper, and our forecasts indicates a **decline in downstream operating rates** by end-2Q26E in China all-across the board, with **(i)** tissue (-6% Est. m/m), **(ii)** coated paper (-1.5% Est. m/m), **(iii)** ivory board (-3% Est. m/m) and **(iv)** uncoated woodfree (-0.5% Est. m/m), a broad-based demand drag that limits any meaningful pulp market recovery. Mills are widely adopting dip-buying and hand-to-mouth procurement, and sustained contraction in total pulp demand **reinforces strong upward resistance for both grades**.

The supply-demand divergence between BSKP (oversupplied and facing substitution pressure) and BHKP (supply-controlled in the short term with downward demand) is expected to **persist through 2Q26E**, with the **price spread** likely ranging between **US\$55-75/t Est.** (vs. US\$71/t current), and **both fibers** with a **price decline** expectation **through 2H26E**.

Key variables to monitor include overseas shipment pace, mill maintenance and shutdown announcements, domestic port inventory changes and downstream restocking conditions.

Tissue: 2Q26E price expected to soften further. The Chinese tissue market traced a clear arc in 1Q26, rising early as overseas BSKP supply controls and shipment delays pushed production costs higher, prompting mills to raise prices and lift operating rates, before reversing in Mar as raw material prices began falling and downstream converters, anticipating further declines, shifted to on-demand procurement. Two **price increase notices** issued in Feb **failed to be implemented**, and some mills were forced to **cut prices to ease inventory pressure**. On a supply-demand basis, 1Q26 was broadly balanced but soft: total supply reached 7.2Mt (-240Kt q/q) and demand 3.2Mt (-200Kt q/q), with the **supply-demand gap narrowing** marginally (-2% vs. end-2025).

We believe that 2Q26E points to further price softness. Newly **added tissue capacity** probably will exceed **200Kt** in **2Q26E** (2x vs. 1Q26 additions) and with gross margins ~5%, mills have limited incentive to cut operating rates, keeping **tissue supply elevated**. On the **demand** side, seasonal patterns suggest a **(i)** weak Apr; **(ii)** a moderate May rebound as converters inventory for mid-year promotions; and **(iii)** a renewed weakness in Jun. Total **demand** is forecast to **rise +85-90Kt q/q Est.**, insufficient to absorb the supply increase (**>200Kt q/q**). With loose supply, weak raw material prices capping cost support and converters maintaining low restocking willingness, we assume that 2Q26E average tissue price is proceeding to go through a downward trajectory.

Worst is priced in. We believe 1Q26E pulp market dynamics should reinforce a slight constructive read for BHKP specifically: major **global exporters announced output cuts**, scheduled maintenance, and controlled shipment volumes, tightening supply, while post-Spring Festival recovery in downstream operating rates supported essential buying. **BHKP closed +0.3% vs. early Mar**, holding firm against a backdrop of broader pulp market weakness. That said, looking ahead, 2Q26E is a traditional off-season, and our forecasts point to a broad-based demand drag across downstream segments, with both grades facing **downward price pressure** through **2H26E**. Mills remain in dip-buying and hand-to-mouth procurement mode, reinforcing strong upward resistance for any meaningful price recovery.

On the other hand, financial metrics remain appealing while the stock is **trading on historical lows** (worst is already priced in). Even under softer pulp pricing, the company's FCF generation trajectory remains credible, supported by a **meaningfully lighter CAPEX profile** (-18% y/y 26E) following the peak execution phase of the Cerrado Project, underpinning our **FCF Yield of 20% 26E** (+2p.p. vs. 4Q25 Review report). Company's decision to keep total pulp production below nominal capacity throughout 26E highlights a clear focus on profitability over volume, and if major peers maintain similar supply discipline on the top of Indonesia disruption (~375kt Est. in 12M of impact), our **pulp curve assumption at US\$550/t 26E** (vs. US\$585/t spot) may be too bearish, in fact. Nevertheless, we are sticking with the forecast for now.

On FX, even that USD/BRL remains at ~R\$5.00 (-4.7% in 1M), as Brazil approaches the 2026 electoral cycle, historically associated with a rising country risk premium. We believe USD/BRL FX rate may once again provide a valuation uplift, correlated to a re-rating of the shares toward fair value. With the stock trading at **5.2x 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 +34%**.

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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	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	49%
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under Review	Under review	5%

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