

## Adjusted EBITDA ${ }^{1}$ in 2Q18 of R\$1,449/ton, leading the industry

São Paulo, August 9, 2018. Suzano Papel e Celulose (B3: SUZB3), one of the largest integrated pulp and paper producers in Latin America, announces today its consolidated results for the second quarter of 2018 (2Q18).

## MAIN HIGHLIGHTS

- Operating Cash Generation ${ }^{2}$ and Adjusted EBITDA ${ }^{2}$ set new records in the quarter: $\mathrm{R} \$ 1.28$ billion and $\mathrm{R} \$ 1.57$ billion, respectively.
- Strong performance in the pulp segment, supported by the effect from exchange variation: adjusted EBITDA ${ }^{1 / t o n}$ of $\mathrm{R} \$ 1,646 /$ ton (+59.4\% on 2Q17).
- Marginal increase in cash cost in LTM: R\$593/ton, $0.8 \%$ higher than in LTM to 2Q17.
- Solid results and new increases in paper prices in both the domestic and international markets: adjusted EBITDA ${ }^{1 / t o n}$ of $\mathrm{R} \$ 892$ /ton ( $+25.8 \%$ on 2 Q 17 ).
- Truck drivers' strike: production loss of approximately 80,000 tons of market pulp and of approximately 25,000 tons of paper in 2Q18, which adversely affected sales.
- Investments: conclusion of the acquisition of around 9,500 hectares in rural areas and 1,200,000 $\mathrm{m}^{3}$ of wood in São Paulo state from Duratex S.A.
- Transaction with Fibria: authorization granted without restrictions by Federal Trade Commission (U.S. antitrust agency, case formally filed at CADE (Brazil) and SAMR (China) and pre-filing in European Union and Turkey, issuance of declaration of effectiveness by the Securities Exchange Commission of the United States of America.
- Financing of Fibria Transaction: $6^{\text {th }}$ debentures issue (R $\$ 4.7$ billion | US $\$ 1.3$ billion) and reduction of financial commitment to US $\$ 4,4$ billion.

| Financial Data (R\$ million) | 2 Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net Revenue | 3,204 | 2,530 | 26.6\% | 2,999 | 6.8\% | 6,203 | 4,784 | 29.7\% |
| Adjusted EBITDA' | 1,573 | 1,157 | 36.0\% | 1,528 | 2.9\% | 3,101 | 2,004 | 54.7\% |
| Adjusted EBITDA Margin' | 49.1\% | 45.7\% | 3.4 p.p. | 51.0\% | -1.9 p.p. | 50.0\% | 41.9\% | 8.1 p.p. |
| Net Financial Result | $(3,970)$ | (678) | 485.6\% | (157) | 2422.8\% | $(4,127)$ | (553) | 646.6\% |
| Net Income | $(1,849)$ | 199 | -1031.3\% | 813 | -327.4\% | $(1,036)$ | 649 | -259.7\% |
| Operating Cash Generation ${ }^{2}$ | 1,279 | 910 | 40.5\% | 1,265 | 1.1\% | 2,543 | 1,532 | 66.0\% |
| Net Debt /Adjusted EBITDA ${ }^{1}$ ( x ) | 1.7 x | $2.7 \times$ | -1.0 x | $1.7 \times$ | $0.0 \times$ | 1.7 x | $2.7 \times$ | -1.0 x |


| Operational Data ('000 tons) | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta$ Y-o-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales | 1,085 | 1,188 | -8.7\% | 1,160 | -6.4\% | 2,245 | 2,369 | -5.2\% |
| Pulp | 802 | 917 | -12.5\% | 876 | -8.5\% | 1,678 | 1,832 | -8.4\% |
| Paper | 284 | 272 | 4.3\% | 284 | -0.2\% | 568 | 537 | 5.8\% |
| Production | 1,134 | 1,215 | -6.7\% | 1,215 | -6.7\% | 2,349 | 2,363 | -0.6\% |
| Pulp | 821 | 931 | -11.9\% | 920 | -10.8\% | 1,741 | 1,805 | -3.6\% |
| Paper | 313 | 283 | 10.5\% | 295 | 6.1\% | 608 | 558 | 9.1\% |

[^0]The consolidated interim financial statements were prepared in accordance with the standards of the Securities and Exchange Commission of Brazil (CVM) and the Accounting Pronouncements Committee (CPC) and comply with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standard Board (IASB). The operational and financial information is presented based on a consolidated basis and in Brazilian real (R\$). Note that figures may present discrepancies due to rounding. Non-financial data, such as volume, quantity, average price and average quotes in Brazilian real and U.S. dollar, were not reviewed by our independent auditors.

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## PULP BUSINESS PERFORMANCE

## PULP SALES VOLUME AND REVENUE

Data from the World 20 Report of the Pulp and Paper Products Council (PPPC) show that, in 2Q18, global pulp shipments grew 3.3\% on the same period last year. Meanwhile, global eucalyptus pulp shipments grew $3.4 \%$. Suzano sold 801.8 thousand tons of market pulp in 2Q18, 8.5\% less than in 1Q18 and 12.1\% less than in 2Q17 due to downtime at Mucuri Unit (line 1) and the truck drivers' strike.

In 6M18, the industry's pulp shipments amounted to 25.4 million tons, up $1.9 \%$ on the year-ago period, while eucalyptus shipments came to 10.8 million tons, increasing $4.5 \%$ on 6 M 17 . Pulp sales came to 1.7 million tons in the first half of the year, down $8.4 \%$ on 6 M 17 , reflecting the partial rebuilding of the Company's inventories.

The level of global pulp inventories reported by the PPPC ended June at 35 days.

The average net pulp price in USD in 2Q18 was US\$745/ton, increasing US\$14/ton (+1.9\%) from 1Q18 and US\$168/ton (+29.2\%) from 2Q17. In 6M18, the price stood at US\$737/ton, increasing US\$195/ton (+36.0\%) from 6M17. The higher net pulp price is mainly explained by the positive and solid fundamentals of the international pulp industry.

The average net price in BRL in 2Q18 was R\$2,688/ton, increasing $13.3 \%$ and $45.0 \%$ compared to $1 Q 18$ and 2Q17, respectively, supported mainly by the higher list price for pulp and by the depreciation in the BRL against the USD. In 6M18, the net price stood at R\$2,524/ton, increasing $46.6 \%$ from 6 M 17 , reflecting the weaker BRL and the consecutive increases in the pulp list price in US dollar.

Pulp Revenues ( $\mathrm{R} \$$ million)


Pulp Sales Revenue (2Q18)


## PULP CASH COST

The consolidated cash cost of market pulp production in 2Q18 was $R \$ 630$ /ton excluding downtimes and R\$683/ton including downtimes.


Consolidated cash cost of market pulp production in the last 12 months was $\mathrm{R} \$ 593 /$ ton excluding downtime (vs. $\mathrm{R} \$ 589 /$ ton in LTM 2Q17) and R\$629/ton including downtime (vs. R\$607/ton in LTM 2Q17).

Consolidated Pulp Cash Cost ex-maintenance (R\$/ton)


Cash cost in 2Q18 rose by R\$63/ton compared to 2Q17 (+11.0\%), mainly reflecting the increases in input costs and fixed costs caused by the lower produced volume.

Consolidated Pulp Cash Cost ex-maintenance (R\$/ton)


[^1]
## PULP SEGMENT EBITDA

| Pulp Business | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1Q18 | $\Delta$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\Delta$ Y-0-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjusted EBITDA (R\$ '000) | 1,319,798 | 946,576 | 39.4\% | 1,285,290 | 2.7\% | 4,672,289 | 2,731,478 | 71.1\% |
| Sales Volume (ton) | 801,751 | 916,529 | -12.5\% | 876,037 | -8.5\% | 3,460,733 | 3,545,829 | -2.4\% |
| Adjusted EBITDA (R\$/ton) | 1,646 | 1,033 | 59.4\% | 1,467 | 12.2\% | 1,350 | 770 | 75.3\% |

The performance of Adjusted EBITDA from pulp in the above periods reflects primarily the higher pulp list price and the effect from exchange variation in the period.

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (\%) dof Pulp


## PULP OPERATING CASH GENERATION AND ROIC

The profitability of the pulp business was leveraged by the pulp price and by the effect from exchange variation in the period.

| Pulp Business (R\$ '000) | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1 Q18 | $\Delta$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\Delta$ Y-0-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjusted EBITDA | 1,319,798 | 946,576 | 39.4\% | 1,285,290 | 2.7\% | 4,672,289 | 2,731,478 | 71.1\% |
| Sustaining Capex | $(246,419)$ | $(208,028)$ | 18.5\% | $(213,801)$ | 15.3\% | $(958,169)$ | $(829,675)$ | 15.5\% |
| Operating Cash Flow | 1,073,378 | 738,549 | 45.3\% | 1,071,489 | 0.2\% | 3,714,120 | 1,901,802 | 95.3\% |
| Cash Taxes ${ }^{2}$ |  |  |  |  |  | $(66,950)$ | $(4,175)$ | 1503.4\% |
| Monetization of ICMS |  |  |  |  |  | 24,637 | - | n.a. |
| Capital Employed |  |  |  |  |  | 18,246,021 | 17,782,371 | 2.6\% |
| Asset |  |  |  |  |  | 18,927,168 | 18,506,827 | 2.3\% |
| Liabilities |  |  |  |  |  | 681,147 | 724,456 | -6.0\% |
| ROIC ${ }^{1}$ (\%) |  |  |  |  |  | 20.1\% | 10.7\% | 9.5 p.p. |

${ }^{1}$ ROIC $=$ (Operating Cash Generation - Cash taxes) / Capital Employed (assets - liabilities). ${ }^{2}$ Income and Social Contribution taxes.

Operational Cash Generation of Pulp per ton (R\$/ton)


## PAPER BUSINESS PERFORMANCE

## PAPER SALES VOLUME AND REVENUE

According to the Forestry Industry Association (Ibá), domestic sales of Printing \& Writing paper and Paperboard declined $1.3 \%$ in 2Q18 compared to the same period of 2017, while imports fell $13.3 \%$.

In 6 M 18 , sales by local producers grew $0.5 \%$ from 6 M 17 , while imports contracted $1.1 \%$.
Suzano's paper sales amounted to 283.6 thousand tons in 2Q18. Due to truck drivers' strike the sales volume was in line compared to 1Q18. Compared to 2Q17, sales advanced $4.3 \%$, driven primarily by tissue paper sales volume and the incorporation of the volumes from Facepa. In the year to date, sales volume came to 567.7 thousand tons, advancing $5.8 \%$ on 6 M 17 .

Paper Sales Volume ('000 ton)


The average net paper price in the domestic market in 2 Q 18 stood at $\mathrm{R} \$ 3,755 /$ ton, representing increases of R $\$ 415 /$ ton (12.4\%) and R\$593/ton (18.7\%) compared to 1Q18 and 2Q17, respectively, in line with the upward trend in prices in the global market. In 6M18, the average net paper price in the domestic market stood at $R \$ 3,552 /$ ton, up $12.0 \%$ on the year-ago period.

In USD, the average net paper price in the export market in 2Q18 was US\$989/ton, representing increases of US\$44/ton (4.7\%) and US\$101/ton (11.4\%) from 1Q18 and 2Q17, respectively. In BRL, the average net paper price in the export market in 2Q18 was R\$3,567/ton, representing increases of $16.4 \%$ and $25.0 \%$ from 1 Q18 and 2Q17, respectively, explained by the effect from exchange variation in the period. In 6M18, the average net paper price in the export market stood at US\$965/ton, up $10.7 \%$ from 6M17.


## PAPER EBITDA

| Paper Business | 2Q18 | 2Q17 | $\boldsymbol{\Delta}$ Y-o-Y | 1Q18 | $\boldsymbol{\Delta}$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\boldsymbol{\Delta}$ Y-o-Y |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: | ---: | ---: |
| Adjusted EBITDA (R\$ '000) | 252,932 | 192,831 | $31.2 \%$ | 242,993 | $4.1 \%$ | $1,039,706$ | 924,591 | $12.5 \%$ |
| Sales Volume (ton) | 283,610 | 271,948 | $4.3 \%$ | 284,041 | $-0.2 \%$ | $1,211,521$ | $1,163,156$ | $4.2 \%$ |
| Adjusted EBITDA (R\$/ton) | $\mathbf{8 9 2}$ | $\mathbf{7 0 9}$ | $\mathbf{2 5 . 8 \%}$ | $\mathbf{8 5 5}$ | $\mathbf{4 . 2 \%}$ | $\mathbf{8 5 8}$ | $\mathbf{7 9 5}$ | $\mathbf{8 . 0 \%}$ |

The performance of Adjusted EBITDA from paper in 2Q18 compared to 2Q17 is explained by the price increases successfully implemented in the domestic and international markets. Note that the paper business is incorporating the results from the consumer goods business, which is still in the ramp-up phase.

Adjusted EBITDA (R\$ million) and Adjusted EBITDA Margin (\%) of Paper


## PAPER OPERATING CASH FLOW AND ROIC

The profitability of the paper business benefitted from higher paper prices in the domestic and export markets, which were offset by the higher costs and expenses generated primarily by the consumer goods business, which is still in the ramp-up phase.

| Paper Business (R\$ '000) | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1 Q18 | $\triangle$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\Delta$ Y-0-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjusted EBITDA | 252,932 | 192,831 | 31.2\% | 242,993 | 4.1\% | 1,039,707 | 924,591 | 12.5\% |
| Sustaining Capex | $(47,517)$ | $(38,361)$ | 23.9\% | $(49,818)$ | -4.6\% | $(227,287)$ | $(189,382)$ | 20.0\% |
| Operating Cash Flow | 205,415 | 154,470 | 33.0\% | 193,176 | 6.3\% | 812,420 | 735,209 | 10.5\% |
| Cash Taxes ${ }^{2}$ |  |  |  |  |  | $(8,138)$ | $(7,754)$ | 4.9\% |
| Monetization of ICMS |  |  |  |  |  | 87,883 | - | n.a. |
| Capital Employed |  |  |  |  |  | 6,520,944 | 5,608,484 | 16.3\% |
| Asset |  |  |  |  |  | 7,292,306 | 6,196,674 | 17.7\% |
| Liabilities |  |  |  |  |  | 771,362 | 588,190 | 31.1\% |
| ROIC ${ }^{1}$ (\%) |  |  |  |  |  | 13.7\% | 13.0\% | 0.7 p.p. |

${ }^{1}$ ROIC = (Operating Cash Generation - Cash taxes) / Capital Employed (assets - liabilities). $\left.\right|^{2}$ Income and Social Contribution taxes.

Operational Cash Generation of Paper per ton ( $\mathrm{R} \$ /$ ton)


## ECONOMIC AND FINANCIAL PERFORMANCE

## NET REVENUE

Suzano's net revenue in 2Q18 amounted to R $\$ 3,203.8$ million. Pulp and paper sales in the quarter amounted to $1,085.4$ thousand tons, decreasing by $6.4 \%$ from 1Q18 and by $8.7 \%$ from 2Q17. In 6M18, net revenue came to $\mathrm{R} \$ 6,202.7$ million, with $2,245.4$ thousand tons of paper and pulp sold.


Despite the lower volume sold in 2Q18, the performance of consolidated net revenue (6.8\%) compared to 1 Q18 is explained mainly by the effect from exchange variation in the period.

Compared to 2Q17, net revenue growth was driven by the higher pulp price in USD (average FOEX in Europe in 2Q18 of US\$1,044 vs. US\$783 in 2Q17), by the higher paper price in USD and in BRL and by the effect from exchange variation.

The net revenue growth in 6M18 compared to 6M17 reflects the weaker BRL and the higher pulp list price.

## PRODUCTION

| Production ('000 tons) | $\mathbf{2 Q 1 8}$ | $\mathbf{2 Q 1 7}$ | $\mathbf{\Delta Y - 0 - Y}$ | $\mathbf{1 Q 1 8}$ | $\boldsymbol{\Delta Q}$ Q-o-Q | 6M18 | 6M17 | $\boldsymbol{\Delta}$ Y-0-Y |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Market Pulp | 821 | 931 | $-11.9 \%$ | 920 | $-10.8 \%$ | 1,741 | 1,805 | $-3.6 \%$ |
| Paper | 313 | 283 | $10.5 \%$ | 295 | $6.1 \%$ | 608 | 558 | $9.1 \%$ |
| Total | $\mathbf{1 , 1 3 4}$ | $\mathbf{1 , 2 1 5}$ | $\mathbf{- 6 . 7 \%}$ | $\mathbf{1 , 2 1 5}$ | $\mathbf{- 6 . 7 \%}$ | $\mathbf{2 , 3 4 9}$ | $\mathbf{2 , 3 6 3}$ | $\mathbf{- 0 . 6 \%}$ |

In 2Q18, Line 1 of the Mucuri Unit (Bahia) underwent scheduled maintenance downtime, which affected pulp and paper production volumes in relation to prior quarters.

During the quarter, the Company registered a total production loss of approximately 80 thousand tons of market pulp and approximately 25 thousand tons of paper during the truck driver's strike, when mills were shut down or operating at reduced capacity. No downtimes are scheduled for the Company's Units in 3Q18.

| Unit | 2017 |  |  |  | 2018 |  |  |  | 2019 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 1Q17 | 2Q17 | 3Q17 | 4Q17 | 1 Q18 | 2Q18 | 3Q18 | 4Q18 | 1Q19 | 2Q19 | 3Q19 | 4Q19 |
| Imperatriz (MA) |  |  |  |  |  |  |  |  | no downtime |  |  |  |
| Mucuri - Line 1 (BA) |  |  |  |  |  |  |  |  |  |  |  |  |
| Mucuri - Line 2 (BA) |  |  |  |  | no downtime |  |  |  |  |  |  |  |
| Suzano (SP) |  |  |  |  | no downtime |  |  |  |  |  |  |  |
| Limeira (SP) | no downtime |  |  |  |  |  |  |  |  |  |  |  |

## COST OF GOODS SOLD

Cost of goods sold (COGS) in 2Q18 amounted to $\mathrm{R} \$ 1,678.6$ million or $\mathrm{R} \$ 1,546.6 /$ ton. Compared to 2 Q 17 and 1Q18, COGS increased by $10.9 \%$ and $5.8 \%$ respectively, reflecting the lower sales volume in the period. In 6 M 18 , COGS came to $\mathrm{R} \$ 3,265$ million, $6.0 \%$ higher than in 6 M 17 , also due to the lower sales volume in the period.

| COGS (R\$ '000) | 2Q18 | 2Q17 | $\Delta$ Y-0-Y | 1Q18 | $\Delta$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Pulp | 980,974 | 920,630 | 6.6\% | 963,168 | 1.8\% | 1,944,142 | 1,894,359 | 2.6\% |
| Paper | 697,598 | 592,733 | 17.7\% | 622,758 | 12.0\% | 1,320,356 | 1,185,549 | 11.4\% |
| Consolidated | 1,678,574 | 1,513,364 | 10.9\% | 1,585,926 | 5.8\% | 3,264,500 | 3,079,908 | 6.0\% |


| COGS (R\$/ton) | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Pulp | 1,224 | 1,004 | 21.8\% | 1,099 | 11.3\% | 1,159 | 1,034 | 12.1\% |
| Paper | 2,460 | 2,180 | 12.9\% | 2,192 | 12.2\% | 2,326 | 2,209 | 5.3\% |
| Consolidated | 1,547 | 1,273 | 21.5\% | 1,367 | 13.1\% | 1,420 | 1,300 | 9.2\% |

OPERATING EXPENSES

| Expenses (R\$ '000) | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Selling Expenses | 150,305 | 94,418 | 59.2\% | 121,957 | 23.2\% | 272,262 | 195,042 | 39.6\% |
| General and Administrative Expenses | 203,667 | 120,691 | 68.8\% | 147,353 | 38.2\% | 351,020 | 232,288 | 51.1\% |
| Total Expenses | 353,972 | 215,109 | 64.6\% | 269,310 | 31.4\% | 623,282 | 427,330 | 45.9\% |
| Total Expenses/Sales Volume (R\$/ton) | 326 | 181 | 80.2\% | 232 | 40.5\% | 278 | 180 | 53.8\% |

Total selling and administrative expenses stood at R\$326/ton in 2Q18, representing increases of $80.2 \%$ in relation to 2Q17 and of $40.5 \%$ in relation to 1 Q18.

Compared to 2Q17, selling expenses increased by $59.2 \%$ or $\mathrm{R} \$ 55.9$ million, reflecting the additional expenses with structuring the consumer goods business of approximately $\mathrm{R} \$ 31$ million and the higher expenses with logistics in the domestic market due to hikes in freight costs after the truck drivers' strike. Compared to 1Q18, the consumer goods business accounted for an increase of approximately $\mathrm{R} \$ 22$ million.

The increases in general and administrative expenses compared to both 2Q17 (+68.8\%) and 1Q18 (+38.2\%) are explained by the higher expenses with profitability-based compensation due to higher stock prices (approximately R\$50 million) and by the expenses with the consumer goods structure, especially after the incorporation of Facepa and the expenses with the Fibria transaction (approximately $\mathrm{R} \$ 16$ million).

## ADJUSTED EBITDA

| Consolidated | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1Q18 | $\triangle$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjusted EBITDA (R\$ '000) | 1,572,729 | 1,156,566 | 36.0\% | 1,528,283 | 2.9\% | 4,139,266 | 3,673,227 | 12.7\% |
| EBITDA Margin (\%) | 49.1\% | 45.7\% | 3.4 p.p. | 51.0\% | -1.9 p.p. | 66.7\% | 76.8\% | -10.1 p.p. |
| Sales Volume (ton) | 1,085,360 | 1,188,477 | -8.7\% | 1,160,078 | -6.4\% | 3,586,895 | 4,708,985 | -23.8\% |
| Adjusted EBITDA (R\$/ton) | 1,449 | 973 | 48.9\% | 1,317 | 10.0\% | 1,154 | 780 | 47.9\% |

The growth in Adjusted EBITDA in 2Q18 compared to the above periods was driven primarily by the higher pulp list price, the weaker BRL and the higher paper prices in the domestic market.

| Resultado Financeiro ( $\mathrm{R} \$ \mathrm{mil}$ ) | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\Delta$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Financial Expenses | $(325,521)$ | $(278,630)$ | 16.8\% | $(234,273)$ | 38.9\% | $(559,794)$ | $(560,793)$ | -0.2\% |
| Interest on loans and financing (local currency) | $(61,163)$ | $(105,834)$ | -42.2\% | $(59,458)$ | 2.9\% | $(120,621)$ | $(230,968)$ | -47.8\% |
| Interest on loans and financing (foreign currency) | $(127,764)$ | $(122,192)$ | 4.6\% | $(115,868)$ | 10.3\% | $(243,632)$ | $(237,990)$ | 2.4\% |
| Capitalized interest ${ }^{1}$ | 232 | 2,046 | -88.7\% | 304 | -23.7\% | 536 | 3,519 | -84.8\% |
| Other financial expenses | $(136,826)$ | $(52,649)$ | 159.9\% | $(59,251)$ | 130.9\% | $(196,077)$ | $(95,354)$ | 105.6\% |
| Financial Income | 45,007 | 83,611 | -46.2\% | 36,726 | 22.5\% | 81,733 | 182,286 | -55.2\% |
| Interest on financial investments | 40,788 | 78,817 | -48.2\% | 33,082 | 23.3\% | 73,870 | 170,517 | -56.7\% |
| Other financial income | 4,219 | 4,794 | -12.0\% | 3,644 | 15.8\% | 7,863 | 11,769 | -33.2\% |
| Monetary and Exchange Variations | $(1,139,051)$ | $(348,746)$ | 226.6\% | $(28,406)$ | 3909.9\% | $(1,167,457)$ | $(177,905)$ | 556.2\% |
| Foreign exchange variations (Debt) | $(1,471,701)$ | $(372,288)$ | 295.3\% | $(37,911)$ | 3782.0\% | $(1,509,612)$ | $(119,367)$ | 1164.7\% |
| Other foreign exchange variations | 332,650 | 23,542 | 1313.0\% | 9,505 | 3399.7\% | 342,155 | $(58,538)$ | -684.5\% |
| Derivative income (loss), net ${ }^{2}$ | $(2,550,067)$ | $(134,152)$ | 1800.9\% | 68,603 | -3817.1\% | $(2,481,464)$ | 3,669 | -67733.2\% |
| NDF | $(1,144,478)$ | 11,110 | -10401.3\% | - | n.a. | $(1,144,478)$ | 11,054 | -10453.5\% |
| Zero-Cost Collars | $(825,852)$ | $(104,309)$ | 691.7\% | 24,937 | -3411.8\% | $(800,915)$ | $(15,095)$ | 5205.8\% |
| Foreign-Currency Debt Hedge | $(579,698)$ | $(40,047)$ | 1347.5\% | 43,500 | -1432.6\% | $(536,198)$ | 5,686 | -9530.1\% |
| Other ${ }^{3}$ | (39) | (906) | -95.7\% | 166 | -123.7\% | 127 | 2,024 | -93.7\% |
| Net Financial Result | $(3,969,632)$ | $(677,917)$ | 485.6\% | $(157,350)$ | 2422.8\% | $(4,126,982)$ | $(552,743)$ | 646.6\% |

1 Capitalized interest due to construction in progress.
${ }^{2}$ Variation in mark-to-market adjustment plus adjustments paid and received, considering the end-of-month exchange rate ( $\mathrm{R} \$ / \mathrm{US} \$ 3.8558$ on $6 / 30 / 2018$ ).
3 Other includes LIBOR operations.
Financial expenses increased by $38.9 \%$ in 2Q18 compared to 1Q18, explained by the effects from exchange variation in the period and by the expenses with the commitment for financing facilities worth US\$9.2 billion made available for the business combination with Fibria. The $16.8 \%$ increase compared to 2Q17 reflects the lower interest rates in Brazil and the financial expenses with said commitment.

Financial income in 2Q18 compared to 1Q18 was adversely affected by the lower interest rates in Brazil.
Inflation adjustment and exchange variation generated a loss of $\mathrm{R} \$ 2,550$ million in the quarter due to the effect from foreign exchange variation, with a negative accounting effect from the mark-to-market adjustments of the portion of liabilities denominated in foreign currency, with cash effects limited to maturities or amortizations of liabilities.

The Company posted a net financial expense of $\mathrm{R} \$ 3,969.6$ million in 2Q18, compared to the net financial expense of R $\$ 157.4$ million in 1Q18 and the net financial expense of R $\$ 677.9$ million in 2Q17.

## DERIVATIVE TRANSACTIONS

Suzano carries out derivatives transactions exclusively for hedging purposes.
The Company's currency exposure policy seeks to minimize the volatility of its cash generation and to impart greater flexibility to cash flow management. The policy currently stipulates that surplus dollars may be partially hedged (up to $75 \%$ of exchange variation exposure over the next 18 months) using plain vanilla instruments (Zero Cost Dollar and NDF) and matched with dollar inflows.

Zero Cost Dollar transactions minimize the adverse effects from slight variations in exchange rates. The instrument protects an exchange variation range that is favorable to cash flow, within which the Company does not pay or receive the adjustment. In addition to protecting the Company in such scenarios, this characteristic makes it possible to capture higher benefits on export revenue in any scenarios of U.S. dollar appreciation. The Company constantly monitors the market and analyzes the attractiveness at any given time of fully or partially reversing the transaction.

At June 30, 2018, the value of the principal of operations involving forward dollar sales through Zero Cost Collars (ZCC) was US $\$ 2,315$ million, whose maturities are distributed from April 2018 to October 2019 and were contracted in a range from $\mathrm{R} \$ 3.00$ to $\mathrm{R} \$ 4.58$. The current scenario of volatility in the BRL/USD exchange rate makes this the most adequate strategy for protecting the Company's cash flow.

| Cash Flow Hedge | Maturity | Avarege Strike Put | Avarege Strike Call | Notional (million) |
| :---: | :---: | :---: | :---: | :---: |
| Zero-Cost Collars | 3Q18 | 3.12 | 3.96 | USD 295 |
| Zero-Cost Collars | 4Q18 | 3.07 | 4.02 | USD 325 |
| Zero-Cost Collars | 1Q19 | 3.11 | 4.00 | USD 380 |
| Zero-Cost Collars | 2Q19 | 3.18 | 4.00 | USD 275 |
| Zero-Cost Collars | 3Q19 | 3.40 | 4.12 | USD 520 |
| Zero-Cost Collars | 4Q19 | 3.30 | 4.08 | USD 370 |
| Zero-Cost Collars | 1Q20 | 3.90 | 4.33 | USD 150 |
| Total |  |  |  | USD 2,315 |

The Company also uses currency and interest rate swaps to mitigate the effects from exchange and interest rate variations on the balance of its debt and on its cash flow. Contracts swapping different interest rates and inflation indexes may be entered into as a way to mitigate the mismatch between financial assets and liabilities.

At June 30, 2018, the Company held US $\$ 815.3$ million in swaps of CDI for a fixed rate in USD. In 2Q18, derivative transactions posted a loss of $\mathrm{R} \$ 793$ million.

| Debt Hedge | Maturity | Receive | Pay | Notional <br> (million) |
| :---: | :---: | :---: | :---: | :---: |
| Swap | 4 Q 20 | Brazilian Real | US Dollar Fixed | USD 815 |
| Total |  |  |  | USD 815 |

In addition to hedge operations for cash flow and debt, we carried out new hedge operations for the transaction with Fibria. All derivative instruments to hedge the transaction are plain vanilla, as approved by the Company's Derivatives Policy.

At June 30, 2018, the value of the principal of operations involving forward dollar sales through NDFs was US $\$ 3,500$ million, with average forward rate of $\mathrm{R} \$ 3.64$, whose maturities are distributed from April 2019 to November 2019, as well as ZCCs, whose value of the principal was US $\$ 1,250$ million, with maturities distributed from May 2019 to October 2019 and contracted in a range from $\mathrm{R} \$ 3.50$ to $\mathrm{R} \$ 4.16$. At June 30, 2018, the Company held US $\$ 1,250$ million in swaps of CDI for a fixed rate in USD.

| Fibria's Operation - Hedge | Maturity | Strike Range / Avarega Foward / <br> Index | Notional <br> (million) |
| :--- | :---: | :---: | :---: |
| Zero-Cost Collars | 2 Q19 | $3.50-4.02$ | USD 200 |
| Zero-Cost Collars | 3 Q19 | $3.50-4.16$ | USD 900 |
| Zero-Cost Collars | 4 Q19 | $3.50-4.00$ | USD 200 |
| NDF | 2 Q19 | 3.80 | USD 900 |
| NDF | 3 Q19 | 3.60 | USD 2.200 |
| NDF | 4 Q19 | 3.54 | USD 400 |
| Swap | 2 Q26 | Brazilian Real CDI - US Dollar Fixed | USD 1,250 |
| Total |  |  | USD 6,050 |

Derivatives Notional 06/30/2018
(US\$ million)


Results - 06/30/2018
( $\mathrm{R} \$$ million)


## TRANSACTION WITH FIBRIA

On March 15, 2018, the Company announced a transaction with Fibria worth R $\$ 29.0$ billion (US $\$ 8.8$ billion, at the exchange rate on the day) and informed that it already had credit facilities worth US $\$ 9.2$ billion to cover the cash needs of the transaction, whose disbursement is subject, among other conditions, to the consummation of the Transaction. The guaranteed financing is divided into two tranches: the first (term loan) in the amount of US $\$ 2.3$ billion with term of six years and the second (bridge loan) in the amount of US\$6.9 billion with term of three years.

In 2Q18, the Company carried out its 6th debentures issue (R\$4.7 billion | US $\$ 1.25$ billion) and, given the strong cash generation in the period and the guaranteed term loan (US\$2.3 billion), as of June 30, 2018, the amount to be disbursed under the bridge loan was $\mathrm{R} \$ 17.8$ billion (US $\$ 4.6$ billion).


[^2]
## NET INCOME (LOSS)

The Company posted a net loss of $\mathrm{R} \$ 1,849.0$ million in 2Q18, compared to the net income of $\mathrm{R} \$ 813.1$ million in 1Q18 and the net income of R\$198.5 million in 2Q17.

## INDEBTEDNESS

On June 30, 2018, gross debt stood at R\$18.0 billion (90.6\% long-term maturities and 9.4\% short-term maturities), with $55.6 \%$ denominated in foreign currency and $44.4 \%$ in local currency. The percentage of gross debt denominated in foreign currency, considering the adjustment for derivatives, was $96.3 \%$.

Net debt stood at R\$9.9 billion (US\$2.6 billion) on June 30, 2018, compared to R $\$ 9.3$ billion (US $\$ 2.8$ billion) on March 31, 2018.

| Debt (R\$ '000) | 06/30/2018 | 06/30/2017 | $\Delta$ Y-o-Y | 03/31/2018 | $\Delta$ Q-o-Q |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Local Currency | 7,979,130 | 4,110,856 | 94.1\% | 3,608,021 | 121.1\% |
| Short Term | 1,142,945 | 755,891 | 51.2\% | 636,178 | 79.7\% |
| Long Term | 6,836,184 | 3,354,965 | 103.8\% | 2,971,844 | 130.0\% |
| Foreign Currency | 9,983,341 | 9,531,570 | 4.7\% | 9,038,085 | 10.5\% |
| Short Term | 551,469 | 1,239,730 | (55.5\%) | 796,796 | (30.8\%) |
| Long Term | 9,431,872 | 8,291,840 | 13.7\% | 8,241,289 | 14.4\% |
| Gross Debt | 17,962,471 | 13,642,426 | 31.7\% | 12,646,106 | 42.0\% |
| (-) Cash | 8,027,522 | 3,630,769 | 121.1\% | 3,392,005 | 136.7\% |
| Net Debt | 9,934,949 | 10,011,657 | (0.8\%) | 9,254,101 | 7.4\% |
| Net Debt/Adjusted EBITDA ${ }^{1}$ ( x ) | $1.7 x$ | $2.7 x$ | (1.0x) | $1.7 x$ | 0.0x |

1 Excludes nonrecurring items.
Suzano contracts debt in foreign currency as natural hedge, since net operating cash generation is denominated in foreign currency. This structural exposure allows it to contract export financing in USD to match financing payments with receivable flows from sales.

Suzano actively and expressly demonstrates its commitment to deleverage sustainably and to adopt adequate and efficient structures and costs for its market positioning and operating and managerial capacity.

Gross Debt Evolution (R\$ million)



The ratio of net debt to Adjusted EBITDA in BRL stood at 1.7x on June 30, 2018, stable in relation to March 31, 2018. In USD, the ratio of net debt to Adjusted EBITDA was $1.5 x$ on June 30, 2018, compared to $1.7 x$ on March 31, 2018. The reduction in the ratio in USD is explained by the effect from exchange variation in the period.


In June 2018, the average cost of debt in USD was $4.6 \%$ p.a. (debt in BRL adjusted by the market swap curve). The average term of consolidated debt ended the quarter at 90 months (vs. 85 months in March 2018).

Type Expousure on 06/30/2018


Index Exposure on 06/30/2018


## INVESTMENTS

Capital expenditure amounted to $\mathrm{R} \$ 1,282.0$ million in the year to date, $\mathrm{R} \$ 557.6$ million of which was invested in industrial and forest maintenance. Expenditures on the Structural Competitiveness and Adjacent Businesses projects came to $R \$ 610.5$ million, which primarily consisted of the acquisition of Facepa ( $R \$ 267.9$ million), the acquisition of land and forests from Duratex ( $\mathrm{R} \$ 150.3$ million) and the Tissue (Maranhão and Bahia states) and Lignin projects.

For 2018, capex is estimated at $\mathrm{R} \$ 2.8$ billion, of which $\mathrm{R} \$ 1.2$ billion corresponds to sustaining capex and $\mathrm{R} \$ 1.6$ billion to the Adjacent Businesses and Structural Competitiveness projects.

| Capex (R\$ '000) | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Sustaining | 293,937 | 246,388 | 19.3\% | 263,619 | 11.5\% | 557,555 | 471,871 | 18.2\% |
| Industrial Maintenance | 68,780 | 46,532 | 47.8\% | 54,779 | 25.6\% | 123,559 | 103,381 | 19.5\% |
| Forestry Maintenance | 225,156 | 199,856 | 12.7\% | 208,840 | 7.8\% | 433,996 | 368,490 | 17.8\% |
| Structural Competitiveness and Adjacent Business | 232,373 | 112,084 | 107.3\% | 378,169 | -38.6\% | 610,541 | 234,782 | 160.0\% |
| Other | 47,148 | 29,570 | 59.4\% | 66,795 | -29.4\% | 113,943 | 45,617 | 149.8\% |
| Total | 573,457 | 388,042 | 47.8\% | 708,582 | -19.1\% | 1,282,040 | 752,270 | 70.4\% |

## CASH FLOW AND ROIC

| (R\$ '000) | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\Delta$ Q-o-Q | LTM 2Q18 | LTM 2Q17 | $\Delta$ Y-o-Y |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Adjusted EBITDA | 1,572,729 | 1,156,566 | 36.0\% | 1,528,283 | 2.9\% | 5,711,995 | 3,673,228 | 55.5\% |
| Sustaining Capex | $(293,937)$ | $(246,388)$ | 19.3\% | $(263,619)$ | 11.5\% | $(1,185,456)$ | $(1,019,057)$ | 16.3\% |
| Operating Cash Flow | 1,278,792 | 910,178 | 40.5\% | 1,264,664 | 1.1\% | 4,526,539 | 2,654,171 | 70.5\% |

Suzano's operating cash generation (Adjusted EBITDA less sustaining capex) amounted to $\mathrm{R} \$ 1.3$ billion in 2Q18 and R $\$ 4.5$ billion in the last 12 months. The variations in the comparison periods are explained by the depreciation in the BRL against the USD, the higher pulp list price, the higher paper price in the international and domestic markets and the consolidation of Facepa's results as from 2Q18.

Losses in market pulp and paper production and sales volumes caused by the truck drivers' strike adversely affected operational cash generation and ROIC.

Operational Cash Generation per ton ( $\mathrm{R} \$ / \mathrm{ton}$ )


Consolidated ROIC stood at $18.4 \%$. The 7.1 p.p. increase compared to the 12 months to 2Q17 is explained by the higher profitability of the pulp segment due to depreciation in the BRL against the USD, the higher pulp price and the successful implementation of paper price increases in the international and domestic markets. The consumer goods business unit (Tissue) adversely affected profitability, since it is still in the ramp-up phase.

| Consolidated ROIC (R\$ '000) | LTM 2Q18 | LTM 2Q17 | $\boldsymbol{\Delta}$ Y-o-Y |
| :--- | ---: | ---: | ---: |
| Operating Cash Flow | $\mathbf{4 , 5 2 6 , 5 4 1}$ | $\mathbf{2 , 6 5 4 , 1 7 0}$ | $\mathbf{7 0 . 5 \%}$ |
| Cash taxes $^{2}$ | $(75,088)$ | $(11,930)$ | $529.4 \%$ |
| Monetization of ICMS | 112,521 | - | n.a. |
| Capital Employed | $24,766,964$ | $23,390,854$ | $5.9 \%$ |
| Asset | $26,219,474$ | $24,703,500$ | $6.1 \%$ |
| Liabilities | $1,452,510$ | $1,312,646$ | $10.7 \%$ |
| ROIC $^{\mathbf{1}}$ (\%) | $\mathbf{1 8 . 4 \%}$ | $\mathbf{1 1 . 3 \%}$ | $\mathbf{7 . 1}$ p.p. |

${ }^{1}$ ROIC = (Operating Cash Generation - Cash taxes) / Capital Employed (assets - liabilities).
${ }^{2}$ Income and Social Contribution taxes.

## CAPITAL MARKETS

On June 30, 2018, Suzano's common stock (SUZB3) was quoted at R\$44.97/share. The Company's stock is listed on the Novo Mercado, the listing segment of the São Paulo Exchange (B3) with the highest corporate governance standards.

## Stock Performance



Source: Bloomberg.


Source: Bloomberg.

On June 30, 2018, the Company's capital stock was represented by 1,105,826,145 common shares (SUZB3) traded on the B3, of which $12,042,004$ were treasury shares. Suzano's market capitalization was $\mathrm{R} \$ 49.7$ billion on June 30, 2018. In 2Q18, the free-float stood at $42.5 \%$ of the total capital.

Free-Float Distribution on 06/30/2018


## Free-Float Distribution on 06/30/2018



## FIXED INCOME

|  | Unit | Jun/17 | Mar/18 | Jun/18 |
| :--- | :---: | :---: | :---: | :---: |
| Suzano 2021 - Price | USD/k | 105.9 | 105.3 | 104.1 |
| Suzano 2021 - Yield | $\%$ | 4.0 | 3.9 | 4.3 |
| Suzano 2026 - Price | USD/k | 103.4 | 104.9 | 102.0 |
| Suzano 2026 - Yield | $\%$ | 5.3 | 5.0 | 5.4 |
| Suzano 2047 - Price | USD/k | 101.3 | 113.3 | 113.5 |
| Suzano 2047 - Yield | $\%$ | 6.9 | 6.0 | 6.8 |
| Treasury 10 years | $\%$ | 2.3 | 2.7 | 2.9 |

## RATING

| Agency | National Scale | Global Scale |
| :--- | :---: | :---: |
| Fitch Ratings | AAA | BBB- |
| Standard \& Poor's | brAAA | BBB- |
| Moody's | Aaa.br | Ba1 |

## EVENTS

## EVENTS IN THE PERIOD

The Material Fact notices and the Notices to the Market mentioned below are available on the website of the Securities and Exchange Commission of Brazil (CVM) and on the Company's IR website (www.suzano.com.br/ri).

## Conclusion of the acquisition of land and forests in the State of São Paulo

On April 27, 2018, the Company informed its shareholders and the market that, complementing the Material Fact notice published on February 5, 2018, it had concluded the acquisition of approximately nine thousand five hundred hectares (9,500 ha) of rural areas and one million, two hundred thousand cubic meters (1,200,000 $\mathrm{m}^{3}$ ) of forests from Duratex.

## Truck drivers' strike

On May 24, 2018, the Company informed to its shareholders and the general market that the production and distribution of its products had been adversely affected by the truck drivers' strike in Brazil. The Company emphasized it was taking all measures necessary to minimize any impacts from this situation.

## Shutdown of operations

On May 28, 2018, pursuant to CVM Instruction 358, of January 3, 2002, as amended, and complementing the Notice to the Market disclosed on May 24, 2018, the Company informed its shareholders and the market that, despite adopting all measures to minimize the effects from the truck drivers' strike, Suzano had been forced to shut down its operations due to such event.

## Resignation of member of the Board of Directors

On May 28, 2018, the Company informed its shareholders and the general market that Mr. Marco Antonio Bologna had tendered his resignation as a member of the Board of Directors and the Audit Committee of the Company. His letter of resignation was considered and accepted by Suzano's Board of Directors. For the time being, the outgoing Director will not be replaced, with Suzano's Board of Directors formed by eight (8) members, who were elected at the Annual Shareholders' Meeting of the Company held on April 26, 2018.

## Amendment to the Calendar of Corporate Events

On May 28, 2018, in response to Official Letter/CVM/SEP/no02/2018 issued by the Securities and Exchange Commission of Brazil (CVM), dated February 28, 2018, the Company informed its shareholders and the general market that it had amended its Annual Calendar of Corporate Events 2018, to bring forward, to May 28, 2018, the date for the filing of its Reference Form, which previously was scheduled for May 30, 2018.

## Authorization from U.S. antitrust authority

On June 1, 2018, the Company informed its shareholders and the general market that it had received a notification from the Federal Trade Commission (FTC), the antitrust authority of the United States, of the early conclusion of the analysis of the transaction between Suzano and Fibria, which constitutes an authorization without restrictions for the transaction in the United States of America.

## Gradual resumption of operations

On June 1, 2018, the Company informed its shareholders and the general market that, on May 31, 2018, it had started to gradually resume operations at all of its industrial plants, including the distribution and invoicing of its products.

## Production Loss

On June 7, 2018, the Company informed its shareholders and the general market that it had a total production loss of approximately 80 thousand tons of market pulp and approximately 25 thousand tons of paper during the truck driver's strike, when units were shut down or operating partially.

## $6^{\text {th }}$ Debentures Issue

On June 26, 2018, the Company informed its shareholders and the general market that, complementing the Material Fact notice published on March 16, 2018, its Board of Directors had approved, in connection with the transaction to combine the shareholder bases of the Company and Fibria Celulose S.A. through a corporate reorganization as disclosed in such Material Fact notice, the $6^{\text {th }}$ issue of debentures of the Company, in the
amount of $\mathrm{R} \$ 4,681,100,000.00$, with a maturity of eight years, yield of $112.5 \%$ of the CDI rate and issue date of June 29, 2018.

## SUBSEQUENT EVENTS

The Material Fact notice mentioned below is available on the website of CVM and on the Company's IR website (www.suzano.com.br/ri).

## Acquisition of land and forests in the State of São Paulo

On July 2, 2018, the Company informed its shareholders and the general market that exercised the option to acquire around twenty thousand $(20,000)$ hectares of rural areas and five million, six hundred thousand cubic meters $\left(5,600,000 \mathrm{~m}^{3}\right)$ of Duratex's forests, for $\mathrm{R} \$ 749.4$ million, adjusted in accordance with the Contract.

## Protocol and Justification of Merger

On July 26, 2018, the Company informed its shareholders and the general market that the Board of Directors of Suzano, among other matters, approved the execution of the Merger Agreement ("Merger Agreement") between Suzano, Fibria Celulose S.A. ("Fibria"), and Eucalipto Holding S.A. ("Holding"), which establishes the terms and conditions of the corporate restructuring that will enable the combination of the operations and shareholding bases of Suzano and Fibria, which is the object of the Commitment to Vote and Assumption of Obligations signed on March 15, 2018 and announced by the Company through a Material Fact notice on March 16, 2018 ("Operation").

## Auction of Itaqui Port (State of MA)

On July 27, 2018, the Company informed its shareholders and the general market that the bid submitted by it in connection with Auction 03/2018 conducted Brazil's National Water Transport Agency ("ANTAQ") received the best classification.

## Export Credit Note

On July 31, 2018, the Company informed its shareholders and the general market that it obtained financing from Banco Safra S.A. through the issue of an Export Credit Note ("NCE"), in the total amount of seven hundred seventy million, six hundred thousand reais

## Reduction of Financial Commitment

On July 31, 2018, the Company informed its shareholders and the general market that it approved, in connection with the transaction aimed at combining the operations and shareholder bases of the Company and Fibria Celulose S.A. ("Fibria") through a corporate restructuring process, as per the terms disclosed in said Material Fact notice ("Operation"), the reduction from six billion, nine hundred million (US\$ 6,900,000,000.00) to four billion, four hundred million (US\$ 4,400,000,000.00) of the existing firm financial commitment with certain international financial institutions to finance the cash portion of the Operation, whose disbursement is subject, among other conditions, to the consummation of the Operation.

Declaration of Effectiveness by the Securities Exchange Commission of the United States of America On August 9, 2018, the Company informed its shareholders and the general market that the declaration of effectiveness was issued on August 8, 2018, by the Securities Exchange Commission of the United States of America (SEC) for the registration statement filed by Suzano with SEC for purposes of calling and holding and approval the Extraordinary Shareholders' Meetings of Suzano and of Fibria, to be held at first call on September 13, 2018, as provided for in the Call Notices published on August 9, 2018, of the proposed corporate reorganization for the combination of operations and shareholders bases of Suzano and of Fibria, which was the object of the Voting Agreement and Other Obligations entered into on March 15, 2018 disclosed by the Companies through Material Facts published on March 16, 2018, pursuant to the terms and conditions of the protocol and justification entered into by and between the managers of Suzano, Fibria and Eucalipto Holding S.A., approved by the Boards of Directors of Suzano and Fibria during the meetings held on July 26, 2018 and disclosed by the Companies on the same date.

## UPCOMING EVENTS

## Earnings Conference Call (2Q18)

Date: August 9, 2018 (Thursday)

Portuguese (with simultaneous translation)
9:30 a.m. (Brasília time)
8:30 a.m. (New York time)
1:30 p.m. (London time)
Tel: +55 (11) 3193-1001 or (11) 2820-4001

## English

9:30 a.m. (Brasilia time)
8:30 a.m. (New York time)
1:30 p.m. (London time)
Tel: +1 (646) 828-8246 (access code: Suzano)

Please connect 10 minutes before the conference call is scheduled to begin.
The conference call will be held in English, feature a slide presentation and be transmitted simultaneously via webcast. The access links will be available on the Company's Investor Relations website (www.suzano.com.br/ri).

If you are unable to participate, the webcast link will be available for future consultation on the Company's Investor Relations website.

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## APPENDICES

APPENDIX 1 - Operating Data

| Revenue breakdown (R\$ '000) | 2 Q18 | 2 Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Exports | 2.312.191 | 1.821 .048 | 27,0\% | 2.192 .050 | 5,5\% | 4.504.241 | 3.350.956 | 34,4\% |
| Pulp | 2.001 .072 | 1.558 .835 | 28,4\% | 1.899.779 | 5,3\% | 3.900.851 | 2.862.978 | 36,3\% |
| Paper | 311.119 | 262.213 | 18,7\% | 292.271 | 6,4\% | 603.390 | 487.978 | 23,7\% |
| Domestic Market | 891.602 | 708.822 | 25,8\% | 806.809 | 10,5\% | 1.698 .412 | 1.432 .821 | 18,5\% |
| Pulp | 154.107 | 139.315 | 10,6\% | 176.547 | -12,7\% | 330.654 | 289.611 | 14,2\% |
| Paper | 737.496 | 569.507 | 29,5\% | 630.262 | 17,0\% | 1.367.757 | 1.143.210 | 19,6\% |
| Total Net Revenue | 3.203.793 | 2.529.870 | 26,6\% | 2.998 .859 | 6,8\% | 6.202.653 | 4.783 .777 | 29,7\% |
| Pulp | 2.155.179 | 1.698 .150 | 26,9\% | 2.076 .326 | 3,8\% | 4.231 .505 | 3.152.589 | 34,2\% |
| Paper | 1.048 .615 | 831.720 | 26,1\% | 922.533 | 13,7\% | 1.971.147 | 1.631 .188 | 20,8\% |


| Sales volume (tons) | 2 Q18 | 2 Q17 | $\triangle$ Y-o-Y | 1 Q18 | $\triangle$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Exports | 823.272 | 918.389 | -10,4\% | 890.383 | -7,5\% | 1.713 .655 | 1.810 .758 | -5,4\% |
| Pulp | 736.056 | 826.529 | -10,9\% | 795.030 | -7,4\% | 1.531 .086 | 1.634 .664 | -6,3\% |
| Paper | 87.215 | 91.861 | -5,1\% | 95.353 | -8,5\% | 182.568 | 176.094 | 3,7\% |
| Paperboard | 12.279 | 16.779 | -26,8\% | 14.332 | -14,3\% | 26.611 | 30.036 | -11,4\% |
| Printing \& Writing | 74.936 | 75.081 | -0,2\% | 81.021 | -7,5\% | 155.957 | 146.058 | 6,8\% |
| Domestic Market | 262.089 | 270.088 | -3,0\% | 269.694 | -2,8\% | 531.783 | 557.755 | -4,7\% |
| Pulp | 65.694 | 90.000 | -27,0\% | 81.007 | -18,9\% | 146.701 | 197.254 | -25,6\% |
| Paper | 196.394 | 180.088 | 9,1\% | 188.688 | 4,1\% | 385.082 | 360.500 | 6,8\% |
| Paperboard | 30.139 | 28.132 | 7,1\% | 30.021 | 0,4\% | 60.160 | 58.274 | 3,2\% |
| Printing \& Writing | 143.457 | 144.808 | -0,9\% | 148.364 | -3,3\% | 291.822 | 288.867 | 1,0\% |
| Other paper ${ }^{1}$ | 22.798 | 7.148 | 218,9\% | 10.303 | 121,3\% | 33.101 | 13.359 | 147,8\% |
| Total sales volume | 1.085.360 | 1.188.477 | -8,7\% | 1.160.078 | -6,4\% | 2.245 .438 | 2.368.512 | -5,2\% |
| Pulp | 801.751 | 916.529 | -12,5\% | 876.037 | -8,5\% | 1.677 .787 | 1.831 .919 | -8,4\% |
| Paper | 283.610 | 271.948 | 4,3\% | 284.041 | -0,2\% | 567.651 | 536.594 | 5,8\% |
| Paperboard | 42.418 | 44.911 | -5,6\% | 44.353 | -4,4\% | 86.771 | 88.309 | -1,7\% |
| Printing \& Writing | 218.393 | 219.889 | -0,7\% | 229.385 | -4,8\% | 447.779 | 434.925 | 3,0\% |
| Other paper ${ }^{1}$ | 22.798 | 7.148 | 218,9\% | 10.303 | 121,3\% | 33.101 | 13.359 | 147,8\% |


| Average net price (R\$/ton) | 2Q18 | 2Q17 | $\Delta$ Y-o-Y | 1 Q 18 | $\Delta$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Exports | 2.809 | 1.983 | 41,6\% | 2.462 | 14,1\% | 2.628 | 1.851 | 42,0\% |
| Pulp | 2.719 | 1.886 | 44,1\% | 2.390 | 13,8\% | 2.548 | 1.751 | 45,5\% |
| Paper | 3.567 | 2.854 | 25,0\% | 3.065 | 16,4\% | 3.305 | 2.771 | 19,3\% |
| Domestic Market | 3.402 | 2.624 | 29,6\% | 2.992 | 13,7\% | 3.194 | 2.569 | 24,3\% |
| Pulp | 2.346 | 1.548 | 51,5\% | 2.179 | 7,6\% | 2.254 | 1.468 | 53,5\% |
| Paper | 3.755 | 3.162 | 18,7\% | 3.340 | 12,4\% | 3.552 | 3.171 | 12,0\% |
| Total | 2.952 | 2.129 | 38,7\% | 2.585 | 14,2\% | 2.762 | 2.020 | 36,8\% |
| Pulp | 2.688 | 1.853 | 45,1\% | 2.370 | 13,4\% | 2.522 | 1.721 | 46,6\% |
| Paper | 3.697 | 3.058 | 20,9\% | 3.248 | 13,8\% | 3.472 | 3.040 | 14,2\% |

[^3]APPENDIX 2 - Consolidated Statement of Income

| Consolidated Financial Statement (R\$ '000) | 2Q18 | 2Q17 | $\Delta \mathrm{Y}-\mathrm{o}-\mathrm{Y}$ | 1 Q18 | $\Delta$ Q-o-Q | 6M18 | 6M17 | $\Delta \mathrm{Y}-\mathrm{O}-\mathrm{Y}$ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Net Revenue | 3.203.795 | 2.529.870 | 26,6\% | 2.998.859 | 6,8\% | 6.202.654 | 4.783 .778 | 29,7\% |
| Cost of Goods Sold | (1.678.574) | (1.513.364) | 10,9\% | (1.585.926) | 5,8\% | (3.264.500) | (3.079.908) | 6,0\% |
| Gross Profit | 1.525.221 | 1.016 .506 | 50,0\% | 1.412 .933 | 7,9\% | 2.938.154 | 1.703 .870 | 72,4\% |
| Gross Margin | 47,6\% | 40,2\% | 7,4 p.p. | 47,1\% | 0,5 p.p. | 47,4\% | 35,6\% | 11,8 p.p. |
| Operating Expense/Income | (354.713) | (208.188) | 70,4\% | (279.230) | 27,0\% | (633.943) | (426.865) | 48,5\% |
| Selling Expenses | (150.305) | (94.418) | 59,2\% | (121.957) | 23,2\% | (272.262) | (195.042) | 39,6\% |
| General and Administrative | (203.667) | (120.691) | 68,8\% | (147.353) | 38,2\% | (351.020) | (232.288) | 51,1\% |
| Other Operating Income (Expenses) | (673) | 2.917 | -123,1\% | (9.867) | -93,2\% | (10.540) | (4.357) | 141,9\% |
| Equity Equivalence | (68) | 4.004 | -101,7\% | (53) | 28,3\% | (121) | 4.822 | -102,5\% |
| EBIT | 1.170.508 | 808.318 | 44,8\% | 1.133.703 | 3,2\% | 2.304.211 | 1.277.005 | 80,4\% |
| Depreciation, Amortization \& Depletion | 374.932 | 332.615 | 12,7\% | 384.938 | -2,6\% | 759.870 | 698.343 | 8,8\% |
| EBITDA | 1.545.440 | 1.140.933 | 35,5\% | 1.518.641 | 1,8\% | 3.064.081 | 1.975 .348 | 55,1\% |
| EBITDA Margin (\%) | 48,2\% | 45,1\% | 3,1 p.p. | 50,6\% | -2,4 p.p. | 49,4\% | 41,3\% | 8,1 p.p. |
| Adjusted EBITDA ${ }^{1}$ | 1.572.729 | 1.156.566 | 36,0\% | 1.528.283 | 2,9\% | 3.101.011 | 2.003.916 | 54,7\% |
| Adjusted EBITDA Margin ${ }^{1}$ | 49,1\% | 45,7\% | 3,4 p.p. | 51,0\% | -1,9 p.p. | 50,0\% | 41,9\% | 8,1 p.p. |
| Net Financial Result | (3.969.632) | (677.917) | 485,6\% | (157.350) | 2422,8\% | (4.126.982) | (552.743) | 646,6\% |
| Financial Expenses | 45.007 | 83.611 | -46,2\% | 36.726 | 22,5\% | 81.733 | 182.286 | -55,2\% |
| Financial Revenues | (325.521) | (278.630) | 16,8\% | (234.273) | 38,9\% | (559.794) | (560.793) | -0,2\% |
| Exchange Rate Variation | (1.139.051) | (348.746) | 226,6\% | (28.406) | 3909,9\% | (1.167.457) | (177.905) | 556,2\% |
| Net Proceeds Generated by Derivatives | (2.550.067) | (134.152) | 1800,9\% | 68.603 | -3817,1\% | (2.481.464) | 3.669 | -67733,3\% |
| Earnings Before Taxes | (2.799.124) | 130.401 | -2246,6\% | 976.353 | -386,7\% | (1.822.771) | 724.262 | -351,7\% |
| Income and Social Contribution Taxes | 950.153 | 68.143 | 1294,4\% | (163.226) | -682,1\% | 786.927 | (75.571) | -1141,3\% |
| Net Income (Loss) | (1.848.971) | 198.544 | -1031,3\% | 813.127 | -327,4\% | (1.035.844) | 648.691 | -259,7\% |
| Net Margin | -57,7\% | 7,8\% | -65,6 p.p. | 27,1\% | -84,8 p.p. | -16,7\% | 13,6\% | -30,3 p.p. |

${ }^{1}$ Excluding non-recurring items.

| Assets (R\$ '000) | 06/30/2018 | 03/31/2018 | 12/31/2017 | 09/30/2017 | 06/30/2017 |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Current Assets |  |  |  |  |  |
| Cash and Cash Equivalent | 3.624 .737 | 2.000 .336 | 1.076 .833 | 1.439.776 | 1.001 .883 |
| Financial Investments | 4.402 .785 | 1.391 .669 | 1.631 .505 | 2.410.173 | 2.628 .886 |
| Accounts Receivable | 2.325.251 | 2.389.398 | 2.303 .810 | 1.862.202 | 1.891 .698 |
| Inventories | 1.477 .406 | 1.321 .436 | 1.207 .961 | 1.408 .791 | 1.336.768 |
| Recoverable Taxes | 365.551 | 320.038 | 306.140 | 423.523 | 415.056 |
| Prepaid Expenses | 132.027 | 182.593 | 37.016 | 52.317 | 51.823 |
| Other Current Assets | 451.108 | 278.188 | 233.610 | 398.580 | 339.164 |
| Total Current Assets | 12.778.865 | 7.883.658 | 6.796.875 | 7.995.362 | 7.665.278 |
| Non-Current Assets |  |  |  |  |  |
| Other Accounts Receivable | 1.022.984 | 816.295 | 770.792 | 793.692 | 784.042 |
| Biological Assets | 4.697 .542 | 4.579 .097 | 4.548 .897 | 4.248 .989 | 4.228 .301 |
| Investments | 6.643 | 6.712 | 6.764 | 5.706 | 5.716 |
| Property, Plant and Equipment | 16.648.885 | 16.415 .548 | 16.211 .228 | 16.195 .420 | 16.172.254 |
| Intangible Assets | 389.624 | 375.027 | 188.426 | 204.202 | 208.777 |
| Total Non-Current Assets | 22.765.678 | 22.192.679 | 21.726.107 | 21.448.009 | 21.399 .090 |
| Total Assets | 35.544.543 | 30.076.337 | 28.522.982 | 29.443.371 | 29.064.368 |
| Liabilities and Equity (R\$ '000) | 06/30/2018 | 03/31/2018 | 12/31/2017 | 09/30/2017 | 06/30/2017 |


| Current Liabilities |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Accounts Payable | 646.969 | 600.564 | 610.476 | 641.537 | 614.587 |
| Loans and Financing | 1.694 .415 | 1.432 .974 | 2.115.067 | 1.785 .368 | 1.995.621 |
| Tax Liabilities | 281.530 | 185.541 | 125.847 | 199.090 | 147.489 |
| Salaries and Payroll Taxes | 204.016 | 154.829 | 196.467 | 194.926 | 177.470 |
| Other Payable | 1.277 .304 | 696.906 | 660.506 | 593.297 | 673.846 |
| Total Current Liabilities | 4.104.234 | 3.070.814 | 3.708.363 | 3.414.218 | 3.609.013 |
| Non-Current Liabilities |  |  |  |  |  |
| Loans and Financing | 16.268.057 | 11.213.131 | 10.076.789 | 11.347 .543 | 11.646 .806 |
| Deferred Taxes | 682.040 | 1.857 .237 | 1.789 .960 | 1.775 .084 | 1.548 .263 |
| Provision | 797.148 | 726.336 | 706.652 | 675.062 | 649.041 |
| Other Liabilities | 2.981 .611 | 742.506 | 619.664 | 625.390 | 783.753 |
| Total Non-Current Liabilities | 20.728.856 | 14.539.210 | 13.193.065 | 14.423.079 | 14.627.863 |
| Shareholders' Equity |  |  |  |  |  |
| Share Capital | 6.241 .753 | 6.241 .753 | 6.241 .753 | 6.241 .753 | 6.241 .753 |
| Capital Reserve | 380.563 | 380.564 | 394.801 | 197.837 | 197.475 |
| Treasury shares | (218.265) | (218.265) | (241.088) | (241.006) | (241.006) |
| Profit Reserve | 2.897 .784 | 2.927.760 | 2.927 .760 | 1.657 .125 | 1.657 .125 |
| Equity Valuation Adjustment | 2.395 .646 | 2.295 .927 | 2.298 .328 | 2.273 .885 | 2.308 .364 |
| Retained Earnings/Accumulated Losses | 41.868 | 16.675 | - | 26.913 | 15.090 |
| Retained Earnings/Losses of the period | (1.036.430) | 813.127 | - | 1.449 .567 | 648.691 |
| Total Equity | 10.702.919 | 12.457.541 | 11.621.554 | 11.606.074 | 10.827.492 |
| Non-controlling shareholders interests | 8.534 | 8.772 | - | - | - |
| Total Liabilities and Equity | 35.544.543 | 30.076.337 | 28.522.982 | 29.443.371 | 29.064.368 |


| Cash Flow Statement (R\$ '000) | 2 Q18 | 2 Q17 | 6M18 | 6M17 |
| :---: | :---: | :---: | :---: | :---: |
| Cash flow from operating activities |  |  |  |  |
| Net income/(loss) for the period | (1.848.971) | 198.544 | (1.035.844) | 648.691 |
| Depreciation, depletion and amortization | 374.932 | 332.615 | 759.870 | 698.343 |
| Income from sale of fixed and biological assets | 4.573 | (740) | 5.079 | (4.128) |
| Equity pick-up in subsidiaries and affiliates | 68 | (4.004) | 121 | (4.822) |
| Exchange and monetary variations, net | 1.302.367 | 319.673 | 1.319 .020 | 59.521 |
| Interest expenses, net | 168.368 | 196.353 | 329.057 | 376.873 |
| Derivative gains, net | 2.550 .067 | 134.152 | 2.481 .464 | (3.669) |
| Expenses from deferred income and social contribution taxes | (1.175.250) | (124.958) | (1.109.800) | (10.833) |
| Interest on actuarial liabilities | 8.617 | 9.506 | 17.234 | 19.012 |
| Provision/ (reversal) for contingencies | 27.727 | 8.868 | 27.960 | 17.092 |
| Provision/ (reversal) for share-based payments | 57.395 | 12.155 | 76.657 | 18.756 |
| Addition to allowance for doubtful accounts, net | (1.369) | 5.105 | 4.923 | 8.609 |
| Provision/ (reversal) for discounts - loyalty program | 27.903 | 20.689 | 11.286 | (15.876) |
| Provision/ (reversal) for inventory losses and write-offs | 21.418 | 1.132 | 18.373 | 1.705 |
| Provision for losses and write-off with fixed and biological assets | 3.317 | 769 | 12.299 | 3.923 |
| Fair value adjustment of biological assets | (5.954) | 25.268 | (5.954) | 25.268 |
| Other provisions /(reversals) | (7.248) | (44.980) | (14.631) | (22.702) |
| Increase / (decrease) in accounts receivable | 59.661 | (280.014) | 45.422 | (289.674) |
| Decrease/ (increase) in inventories | (177.958) | (85.839) | (266.244) | (28.357) |
| Decrease/ (increase) in recoverable taxes | (6.999) | (22.942) | (5.758) | (26.683) |
| Increase / (decrease) in other current and non-current assets | 39.370 | 232.822 | (191.703) | 330.593 |
| Decrease / (increase) in trade accounts payable | 2.576 | 117.796 | (8.327) | 85.902 |
| Increase/(decrease) in other current and non-current liabilities | 130.161 | (264.870) | 350.890 | (196.128) |
| Taxes payable | 402.361 | 433.560 | 402.361 | 433.560 |
| Payment of interest | (175.720) | (261.169) | (370.122) | (507.637) |
| Payment of other taxes and contributions | (84.171) | (126.912) | (238.652) | (265.931) |
| Payment of income and social contribution taxes | (53.035) | (34.650) | (64.080) | (52.836) |
| Net cash from operating activities | 1.644.206 | 797.929 | 2.550.901 | 1.298.572 |
| Cash flow from investing activities |  |  |  |  |
| Financial investments | (2.981.934) | 482.326 | (2.716.934) | (430.037) |
| Cash from the acquisition of subsidiaries |  |  | 21.436 |  |
| Acquisition of subsidiaries | (6.032) |  | (315.904) | - |
| Additions to fixed assets, intangible assets and biological assets | (749.620) | (470.743) | (1.098.623) | (824.102) |
| Proceeds from asset divestment | 16.822 | 1.038 | 31.865 | 9.547 |
| Net cash (used in) / provided by investment activities | (3.720.764) | 12.621 | (4.078.160) | (1.244.592) |
| Cash flow from financing activities |  |  |  |  |
| Funding | 5.015.119 | 76.591 | 7.491 .201 | 1.085 .960 |
| Settlement of derivative operations | (182.398) | 65.379 | (169.362) | 162.333 |
| Payment of loans | (1.079.938) | (585.756) | (3.214.568) | (1.528.449) |
| Payment of dividends | (210.205) | (370.739) | (210.205) | (370.739) |
| Dividends (acquisition) of own shares |  |  | 8.514 | 8.514 |
| Payment of debts with acquisition of assets | (3.071) | (50.446) | (3.071) | (50.446) |
| Net cash (used in) / provided by financing activities | 3.539.507 | (864.971) | 3.902.509 | (692.827) |
| Exchange variation on cash and cash equivalents | 161.452 | 50.960 | 172.654 | 26.033 |
|  |  |  |  |  |
| Increase (reduction) in cash and cash equivalents | 1.624.401 | (3.461) | 2.547.904 | (612.814) |
| Cash and cash equivalents at the beginning of the period | 2.000 .336 | 1.005.344 | 1.076.833 | 1.614 .697 |
| Cash and cash equivalents at the end of the period | 3.624 .737 | 1.001.883 | 3.624.737 | 1.001.883 |
| Statement of the increase (reduction) in cash | 1.624.401 | (3.461) | 2.547.904 | (612.814) |

## APPENDIX 5 - EBITDA

| (R\$ '000, except where otherwise indicated) | 2Q18 | 2Q17 | 6M18 | 6M17 |
| :---: | :---: | :---: | :---: | :---: |
| Net Income | (1.848.971) | 198.544 | (1.035.844) | 648.691 |
| Net Financial Result | 3.969.632 | 677.917 | 4.126 .982 | 552.743 |
| Income and Social Contribution Taxes | (950.153) | (68.143) | (786.927) | 75.571 |
| EBIT | 1.170.508 | 808.318 | 2.304.211 | 1.277.005 |
| Depreciation, Amortization and Depletion | 374.932 | 332.615 | 759.870 | 698.343 |
| EBITDA ${ }^{1}$ | 1.545.440 | 1.140.933 | 3.064.081 | 1.975 .348 |
| EBITDA Margin | 48,2\% | 45,1\% | 49,4\% | 41,3\% |
| Write-downs of inventories. | 17.092 | - | 17.092 | - |
| Expenses with Fibria's transaction | 16.248 | - | 17.787 | - |
| Equity equivalence | 68 | (4.004) | 121 | (4.822) |
| Adjustment of the fair value of biological assets | (5.954) | 25.268 | (5.954) | 25.268 |
| Provision (Reversion) for losses with fixed assets, write-offs, taxes | - | - | 7.366 | 1.157 |
| Land conflict agreement | - | - | - | 11.779 |
| Others | (165) | (5.631) | 518 | (4.814) |
| Adjusted EBITDA | 1.572.729 | 1.156.566 | 3.101.011 | 2.003 .916 |
| Adjusted EBITDA Margin | 49,1\% | 45,7\% | 50,0\% | 41,9\% |

[^4]APPENDIX 6 - Segmented Statement of Income

| Financial Statement (R\$ '000) | 2Q18 |  |  |  | 2Q17 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Pulp | Paper | Non Segmented | Total Consolidated | Pulp | Paper | Non Segmented | Total Consolidated |
| Net Revenue | 2.155.179 | 1.048.615 | - | 3.203.793 | 1.698.150 | 831.720 | - | 2.529 .870 |
| Cost of Goods Sold | (980.974) | (697.598) | - | (1.678.572) | (920.630) | (592.733) | - | (1.513.364) |
| Gross Profit | 1.174.205 | 351.017 | - | 1.525.222 | 777.519 | 238.986 | - | 1.016.506 |
| Gross Margin | 54,5\% | 33,5\% |  | 47,6\% | 45,8\% | 28,7\% |  | 40,2\% |
| Operating Expense/Income | (122.660) | (232.054) | - | (354.714) | (78.443) | (146.904) | 17.159 | (208.188) |
| Selling Expenses | (55.256) | (95.049) | - | (150.305) | (34.731) | (59.687) | - | (94.418) |
| General and Administrative Expenses | (67.495) | (136.173) | - | (203.668) | (42.242) | (78.449) | - | (120.691) |
| Other Operating Income (Expenses) | 91 | (764) | - | (673) | (1.470) | (12.772) | 17.159 | 2.917 |
| Equity Equivalence | - | (68) | - | (68) | - | 4.004 | - | 4.004 |
| EBIT | 1.051.545 | 118.962 | - | 1.170.508 | 699.076 | 92.082 | 17.159 | 808.318 |
| Depreciation, Amortization \& Depletion | 263.145 | 111.788 | - | 374.932 | 240.626 | 91.990 | - | 332.615 |
| EBITDA | 1.314.690 | 230.818 | - | 1.545 .508 | 939.702 | 180.068 | 17.159 | 1.136.929 |
| EBITDA Margin (\%) | 61,0\% | 22,0\% |  | 48,2\% | 55,3\% | 21,7\% |  | 44,9\% |
| Adjusted EBITDA ${ }^{1}$ | 1.319 .798 | 252.932 | - | 1.572.729 | 946.576 | 192.831 | 17.159 | 1.156.566 |
| Adjusted EBITDA Margin ${ }^{1}$ | 61,2\% | 24,1\% |  | 49,1\% | 55,7\% | 23,2\% |  | 45,7\% |
| Net Financial Result | - | - | (3.969.632) | (3.969.632) | - | - | (677.917) | (677.917) |
| Earnings Before Taxes | 1.051.545 | 118.962 | (3.969.632) | (2.799.124) | 699.076 | 92.082 | (660.758) | 130.401 |
| Income and Social Contribution Taxes | - | - | 950.153 | 950.153 | - | - | 68.143 | 68.143 |
| Net Income (Loss) | 1.051.545 | 118.962 | (3.019.479) | (1.848.971) | 699.076 | 92.082 | (592.615) | 198.544 |
| Net Margin | 48,8\% | 11,3\% |  | -57,7\% | 41,2\% | 11,1\% |  | 7,8\% |

${ }^{1}$ Excluding non-recurring items.

| Financial Statement (R\$ '000) | 6M18 |  |  |  | 6M17 |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | Pulp | Paper | Non Segmented | Total Consolidated | Pulp | Paper | Non Segmented | Total Consolidated |
| Net Revenue | 4.231 .505 | 1.971 .148 | - | 6.202.653 | 3.152.589 | 1.631.189 | - | 4.783.778 |
| Cost of Goods Sold | (1.944.142) | (1.320.356) | - | (3.264.498) | (1.894.358) | (1.185.550) | - | (3.079.908) |
| Gross Profit | 2.287.364 | 650.792 | - | 2.938 .155 | 1.258.231 | 445.639 |  | 1.703.870 |
| Gross Margin | 54,1\% | 33,0\% |  | 47,4\% | 39,9\% | 27,3\% |  | 35,6\% |
| Operating Expense/Income | (231.988) | (401.956) | - | (633.944) | (172.336) | (271.688) | 17.159 | (426.865) |
| Selling Expenses | (103.087) | (169.175) |  | (272.262) | (75.132) | (119.911) |  | (195.042) |
| General and Administrative Expenses | (118.191) | (232.830) | - | (351.021) | (81.301) | (150.987) | - | (232.288) |
| Other Operating Income (Expenses) | (10.710) | 170 |  | (10.540) | (15.903) | (5.613) | 17.159 | (4.357) |
| Equity Equivalence |  | (121) | - | (121) |  | 4.822 |  | 4.822 |
| EBIT | 2.055.375 | 248.836 | - | 2.304.211 | 1.085.895 | 173.951 | 17.159 | 1.277.005 |
| Depreciation, Amortization \& Depletion | 537.337 | 222.534 | - | 759.871 | 503.808 | 194.535 | - | 698.343 |
| EBITDA | 2.592.712 | 471.491 | - | 3.064 .203 | 1.589.703 | 363.664 | 17.159 | 1.970 .526 |
| EBITDA Margin (\%) | 61,3\% | 23,9\% |  | 49,4\% | 50,4\% | 22,3\% |  | 41,2\% |
| Adjusted EBITDA ${ }^{1}$ | 2.605 .088 | 495.925 | - | 3.101 .013 | 1.608.264 | 378.492 | 17.159 | 2.003 .915 |
| Adjusted EBITDA Margin ${ }^{1}$ | 61,6\% | 25,2\% |  | 50,0\% | 51,0\% | 23,2\% |  | 41,9\% |
| Net Financial Result | - | - | (4.126.982) | (4.126.982) | - | - | (552.743) | (552.743) |
| Earnings Before Taxes | 2.055.375 | 248.836 | (4.126.982) | (1.822.771) | 1.085.895 | 173.951 | (535.584) | 724.262 |
| Income and Social Contribution Taxes | - | - | 786.927 | 786.927 | - | - | (75.571) | (75.571) |
| Net Income (Loss) | 2.055.375 | 248.836 | (3.340.055) | (1.035.844) | 1.085 .895 | 173.951 | (611.155) | 648.691 |
| Net Margin | 48,6\% | 12,6\% |  | -16,7\% | 34,4\% | 10,7\% |  | 13,6\% |

1 Excluding non-recurring items.

## Corporate Information

Suzano Pulp and Paper, which reported net revenue of $\mathrm{R} \$ 10.5$ billion in 2017, is one of the largest vertically integrated producers of paper and eucalyptus pulp in Latin America, with annual production capacity of 3.6 million tons of market pulp and 1.2 million tons of paper. Suzano Pulp and Paper offers a broad range of pulp and paper products for the domestic and export markets: (i) eucalyptus pulp;(ii) hardwood fluff pulp;(iii) uncoated printing and writing paper;(iv) coated printing and writing paper;(v) paperboard;and (vi) tissue paper.

## Forward-looking Statements

This release may contain forward-looking statements. Such statements are subject to known and unknown risks and uncertainties that could cause the expectations expressed not to materialize or to differ substantially from the expected results. These risks include changes in future demand for the Company's products, changes in factors affecting domestic and international product prices, changes in the cost structure, changes in the seasonal patterns of markets, changes in prices charged by competitors, foreign exchange variations, changes in the political or economic situation of Brazil, and changes in emerging and international markets. The forwardlooking statements were not reviewed by our independent auditors.


[^0]:    1 Excludes non-recurring items. $\left.\right|^{2}$ Operating Cash Flow corresponds to Adjusted EBITDA less sustaining capex. $\left.\right|^{3}$ Considers results of Consumer Goods Unit.

[^1]:    ${ }^{1}$ In line with market practices and for comparison purposes, the methodology for calculating cash cost was changed in 1Q18 and does not consider the depletion of the standing timber of third parties.

[^2]:    ${ }^{1}$ Cash tranche: each Fibria's share will receive $\mathrm{R} \$ 52.50$, to be adjusted from $03 / 15 / 2018$ until signing to closing. $\left.\right|^{2}$ Commitment: US $\$ 2,3$ billion, exchange rate on 06/30/2018 (R\$3.8558/US\$).

[^3]:    ${ }^{1}$ Paper from other manufacturers sold by the distributor and tissue paper.

[^4]:    ${ }^{1}$ The Company's EBITDA is calculated in accordance with CVM Instruction 527 of October 4, 2012.

