



**Santander - 3<sup>rd</sup> Pulp & Paper Day**

May 24, 2018

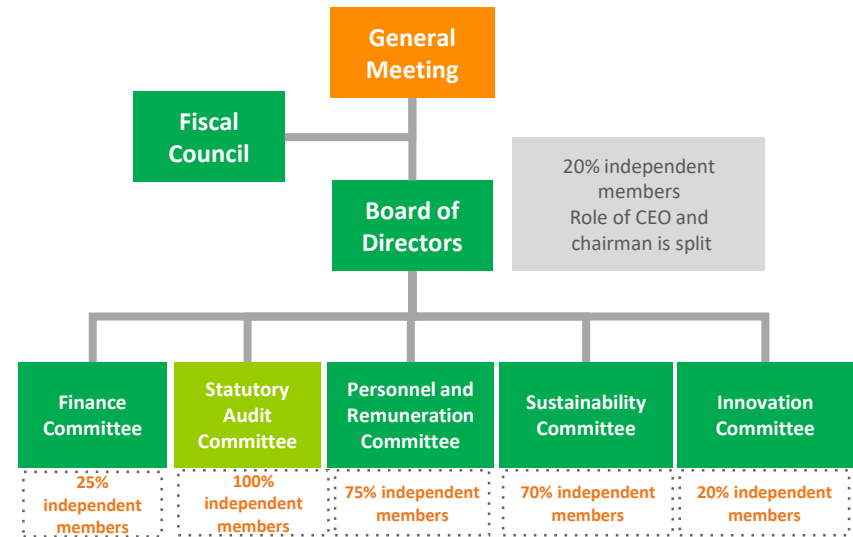
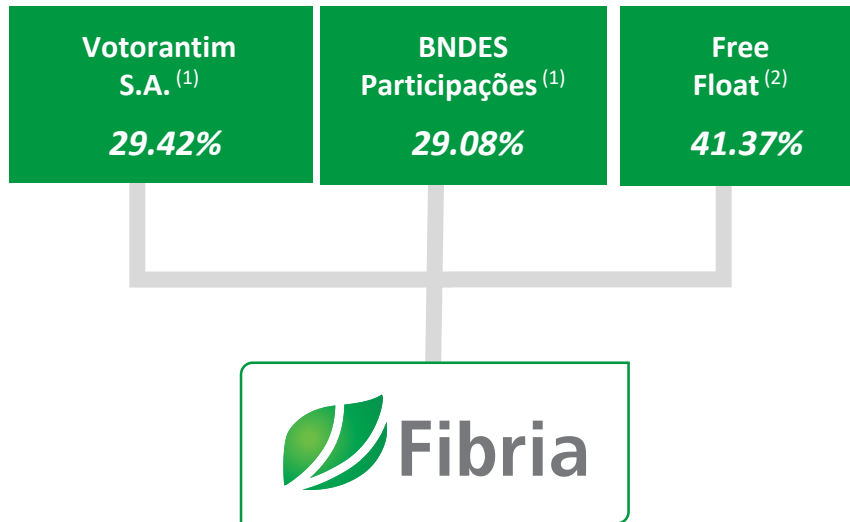


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- 1 Company Overview**
- 2 Pulp and Paper Market**
- 3 Financial and Operational Highlights**
- 4 2018 Outlook – CAPEX and Cash Cost**
- 5 Expansion Project – Horizonte 2**
- 6 Back up**



# Company Overview



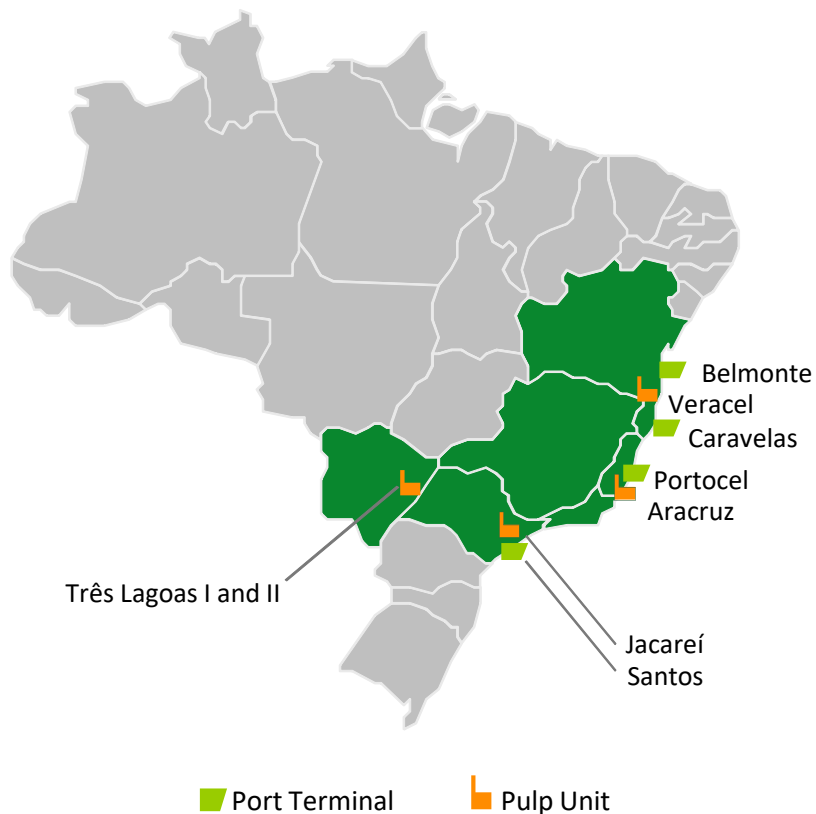
## Listed on Novo Mercado, highest level at B3:

- ▶ Only 1 class of shares → 100% voting rights
- ▶ 100% tag along rights (Brazilian corporate law establishes 80%)
- ▶ Board of Directors with minimum 20% independent members
- ▶ Financial Statements in International Standards – IFRS
- ▶ Adoption of Arbitration Chamber
- ▶ SEC Registered ADR Level III program

## Policies approved by the Board of Directors:

- ▶ Indebtedness and Liquidity
- ▶ Market Risk Management
- ▶ Risk Management
- ▶ Corporate Governance
- ▶ Related Parties Transactions
- ▶ Anti-Corruption
- ▶ Information Disclosure
- ▶ Securities Trading
- ▶ Antitrust
- ▶ Genetically Modified Eucalyptus
- ▶ Dividend Policy
- ▶ Sustainability

## Superior Asset Combination



## Main Figures – 1Q18

<b>Pulp capacity<sup>(1)</sup></b>	million tons	7.250
<b>Net revenues (LTM)</b>	US\$ billion	4.151
<b>Total Forest Base<sup>(2)</sup></b>	thousand hectares	1,092
<b>Planted area<sup>(2)</sup></b>	thousand hectares	656
<b>Net Debt</b>	US\$ billion	3.843
<b>Net Debt/EBITDA (in Dollars)<sup>(3)</sup></b>	X	2.02

Source: Fibria

(1) Includes Horizonte 2 pulp capacity.

(2) Including 50% of Veracel, excluding forest partnership areas and forest bases linked to the sales of Losango and forest assets in Southern Bahia State; As of December 31, 2017.

(3) For covenants purposes, the Net Debt/EBITDA ratio is calculated in Dollars.

Três Lagoas – Mato Grosso do Sul – 3,250 thousand t/year



Jacareí – São Paulo – 1,100 thousand t/year



Aracruz – Espírito Santo – 2,340 thousand t/year

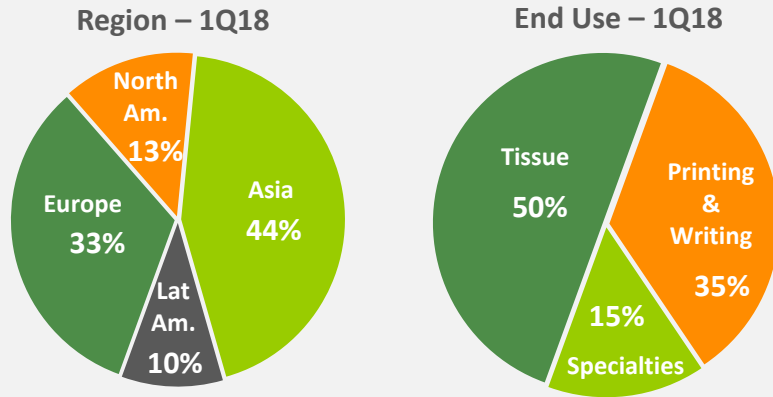


Veracel – Bahia – 560 thousand t/year <sup>(1)</sup>



(1) Veracel is a joint operation between Fibria (50%) and Stora Enso (50%) and the total capacity is 1,120 thousand ton/year

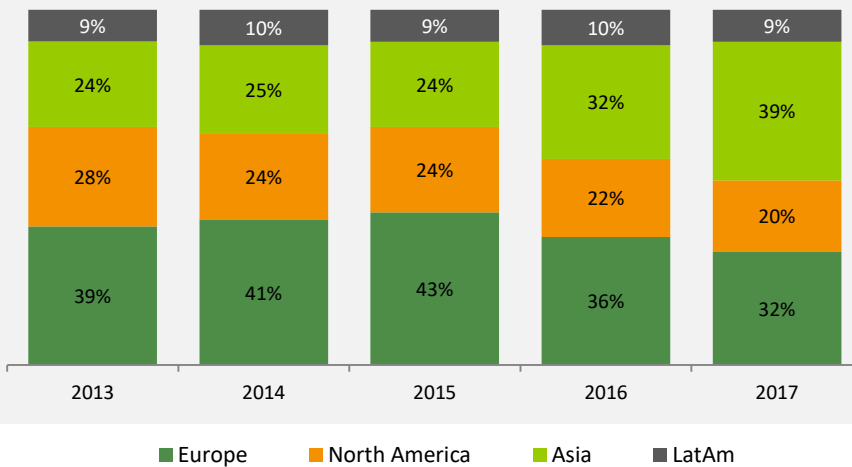
## Revenues by Region and by End Use - Fibria



## Highlights

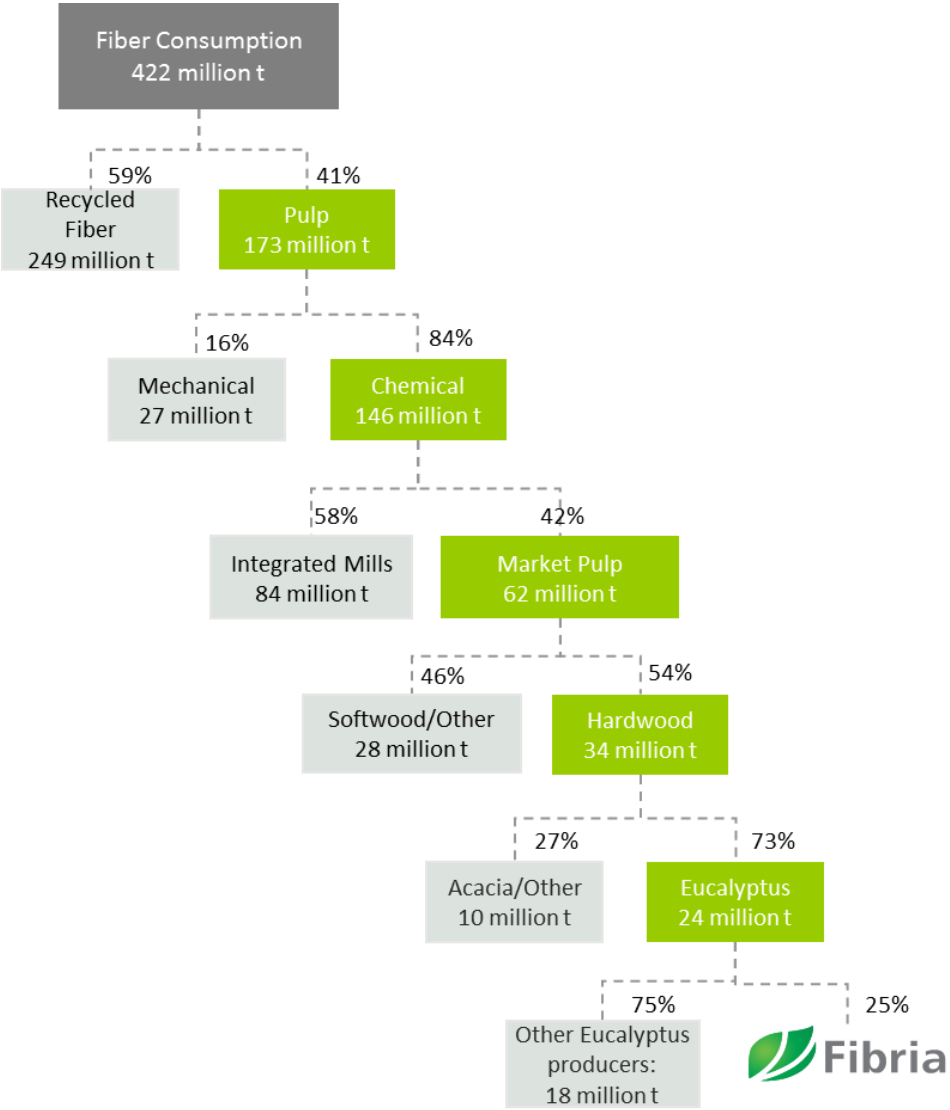
- Worldwide presence
- Strong global customer base
- Long-term relationships
- Focus on customers with stable business
- Customized pulp products and services
- Sound forestry and industrial R&D
- Focus on less volatile end-use markets such as tissue
- Lower dependence on volatile markets such as China
- Efficient logistics set up
- Low counterparty credit risk
- 100% certified pulp (FSC and PEFC/Cerflor)

## Net Revenues by Region - Fibria





## Industry Outlook<sup>(1)</sup>



(1) Fiber Consumption, Recycled Fiber and Pulp: RISI | Market Pulp, Hardwood and Eucalyptus: PPPC SRN Dec 2017

## Puma Project

- ▶ Pulp volumes:
  - ▶ Minimum of 900 kt of hardwood for the first 4 years
  - ▶ 75% of 900 kt for the fifth year (phase out 1)
  - ▶ 50% of 900 kt for the sixth year (phase out 2)
- ▶ Selling price based on the average net price charged by Fibria at the Port of Paranaguá (**FOB Paranaguá**)
- ▶ Sales destination: Globally, except for South America
- ▶ Operational startup: Mar/2016
- ▶ **Agreement benefits:**



Logistics and commercial structure synergies;

Ensure sales volumes;

Ensure pulp market access with Klabin brand.

**Klabin's sales to Fibria started in May 2016**

Klabin's sales volume (kt)									
2Q16	3Q16	4Q16	2016	1Q17	2Q17	3Q17	4Q17	2017	1Q18
131	164	183	478	204	202	148	255	809	160



Logistics and commercial optimization and synergies;

Support customers' growth and enhance customers' needs;

Potential development of new customers.

**Mutual value creation, with better servicing for both Companies customers' base**



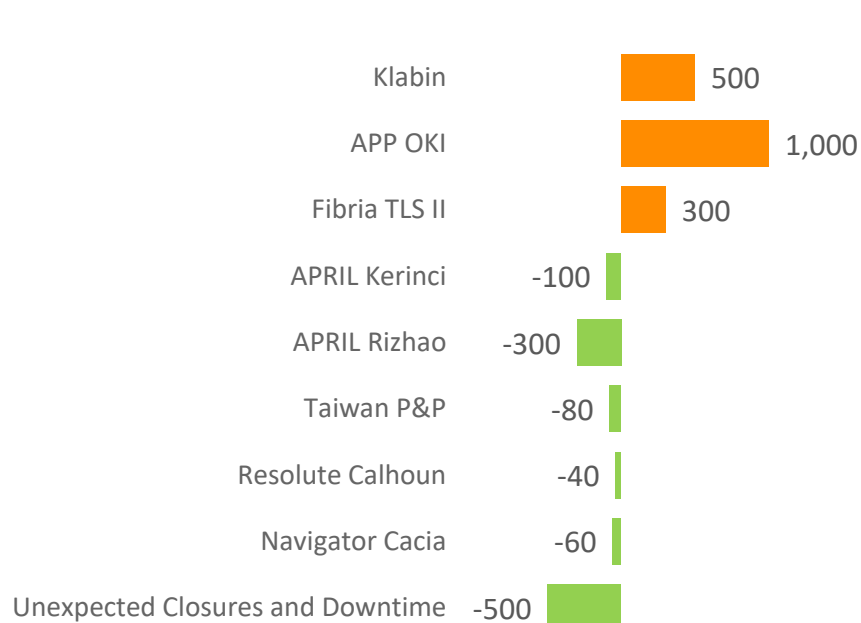
Pulp and Paper Market

# What has been the 2017 Supply & Demand scenario? Also, compared to our forecast...

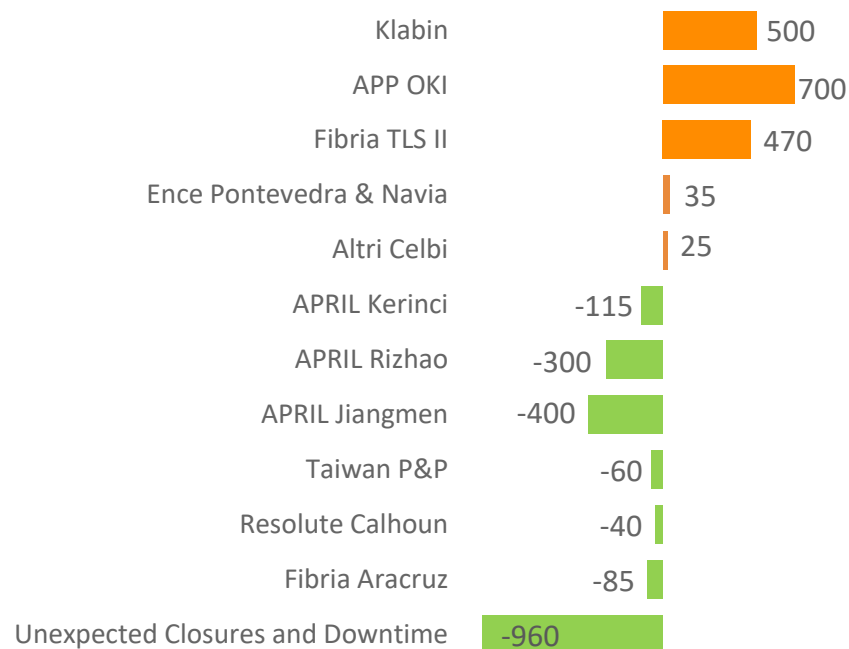
## BHKP CAPACITY CHANGES

(‘000 t)

### FIBRIA EXPECTED SCENARIO FOR 2017 AT THE END 2016



### SCENARIO YTD 2017



Net Supply Availability 720

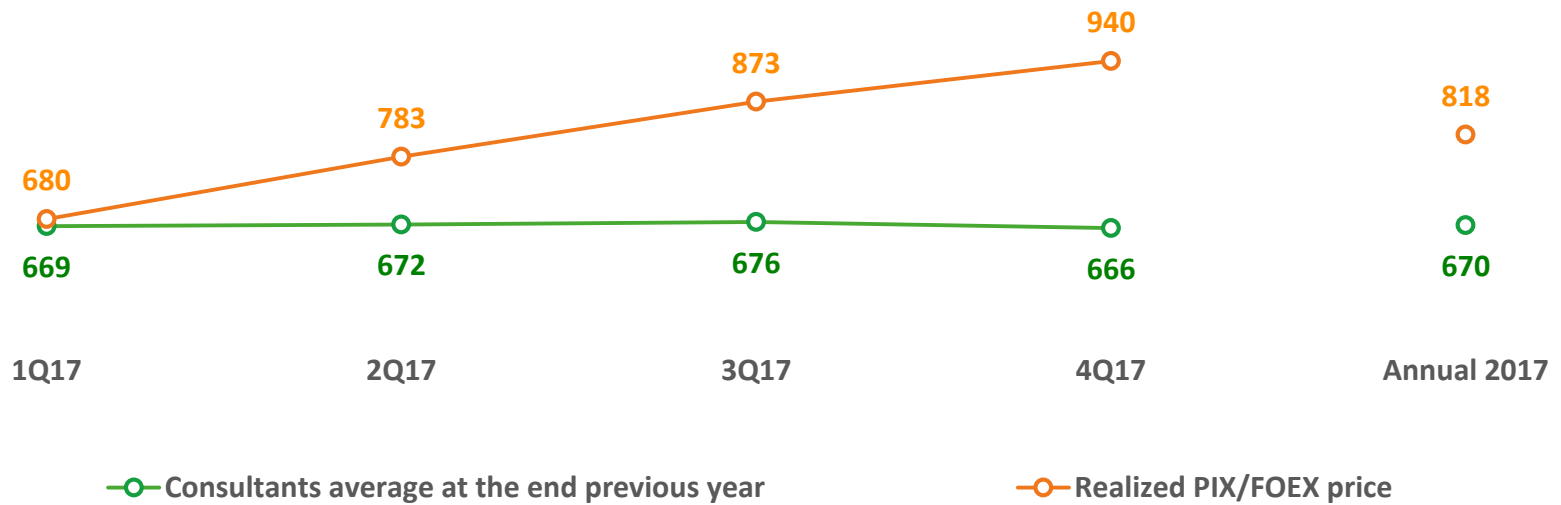
BHKP demand growth\*\* 1,350

Net Supply Availability -230

BHKP demand growth\*\* 1,027\* 390

# ...and what has been the price scenario?

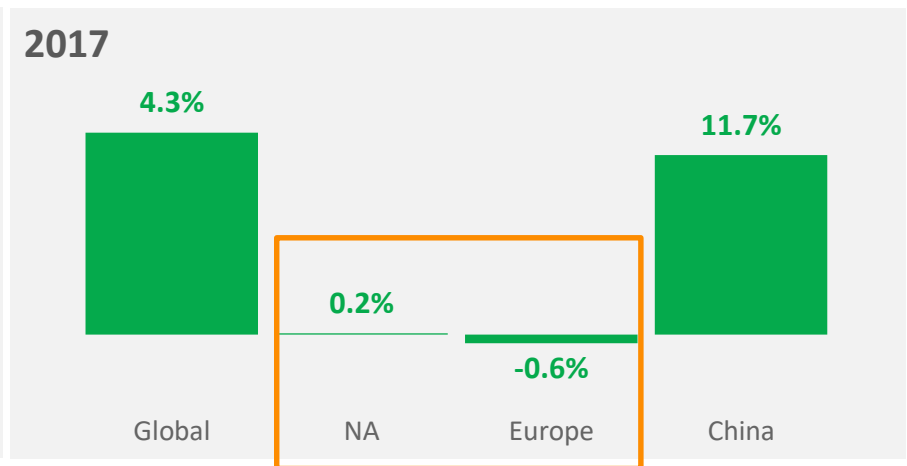
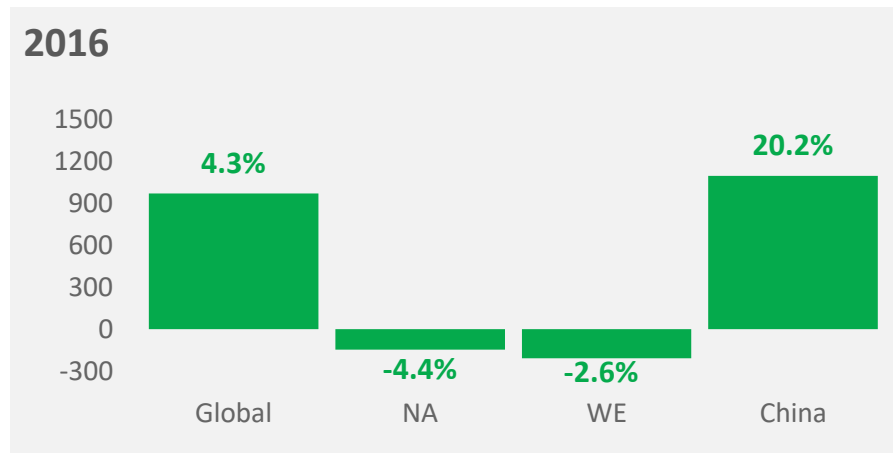
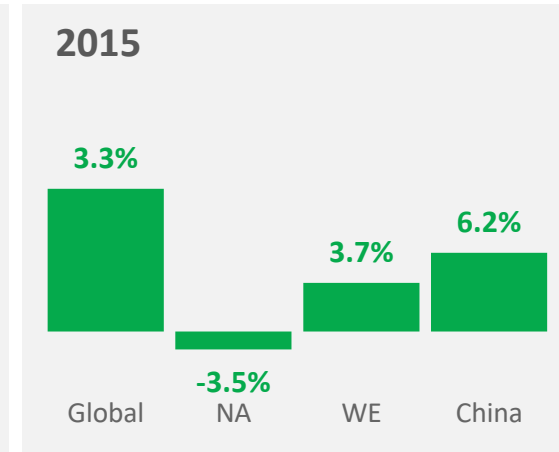
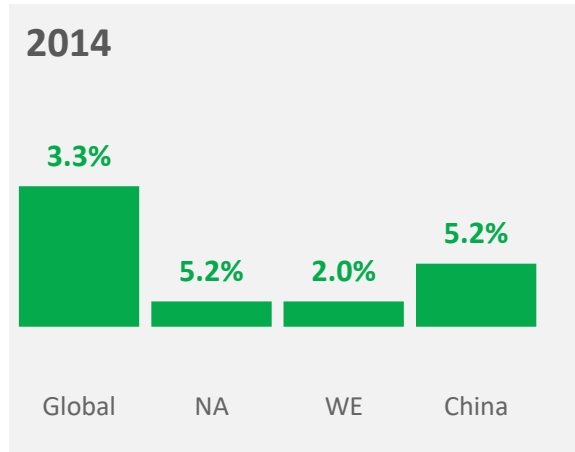
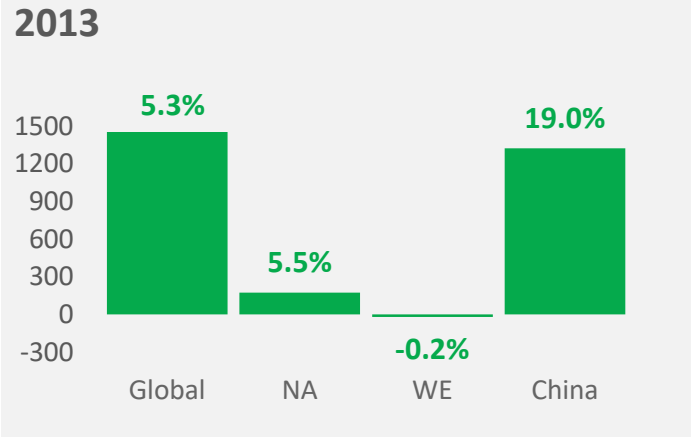
## BHKP Delivered to Europe (USD/t)



Consultants: Hawkins Wright, RISI and Brian McClay (published at the end 2016 for 2017 prices)

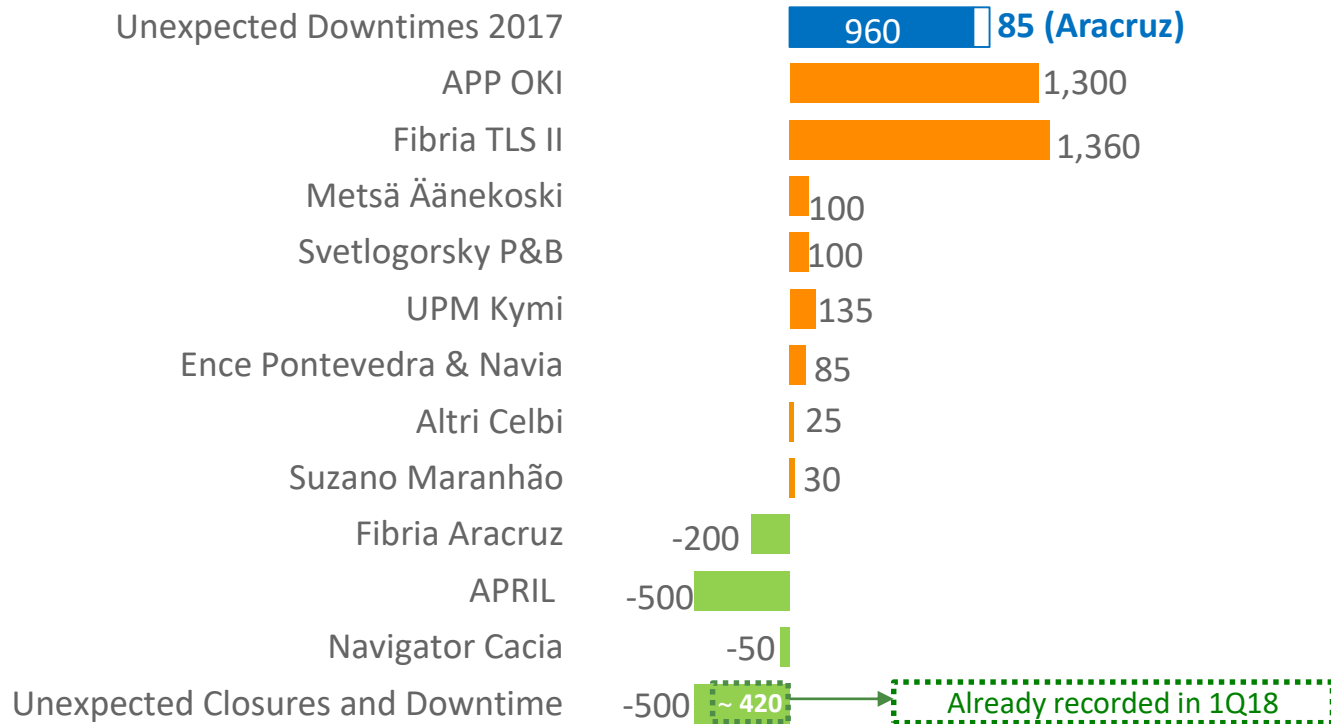


**BHKP DEMAND (KT AND % CHANGE, Y-O-Y)**



## FIBRIA EXPECTED SCENARIO FOR 2018 AT THE END 2017

('000 t)



Net Supply Availability

2,930

BHKP demand growth

2,950

# New Paper capacities “Worldwide”

	2016	2017	2018F
<b>Woodfree</b>	<b>-360</b>	<b>150</b>	<b>715</b>
China	155	890	510
Rest of the World	-510	-740	205
<b>Tissue</b>	<b>1,535</b>	<b>2,380</b>	<b>3,525</b>
China	1,000	1,170	1,945
Rest of the World	535	1,210	1,580
<b>Cartonboard &amp; Specialty</b>	<b>2,630</b>	<b>110</b>	<b>765</b>
China	1,550	0	100
Rest of the World	1,080	110	665



# Why could HW demand still increase significantly in China ?

**1** New Paper capacities should increase HW demand by 1,375Kt

kt	2017 Q3 & Q4	2018 Q1 & Q2	Total
New Tissue Machines	715	810	1,525
New Woodfree Machines	400	510	910

70% of HW furnish @  
75% O.R. for Tissue and 90%  
O.R. for P&W

Total:  
**2,435kt**



**1,375kt**

**2** Closures of inefficient Pulp & Paper mills might increase HW demand by 540Kt

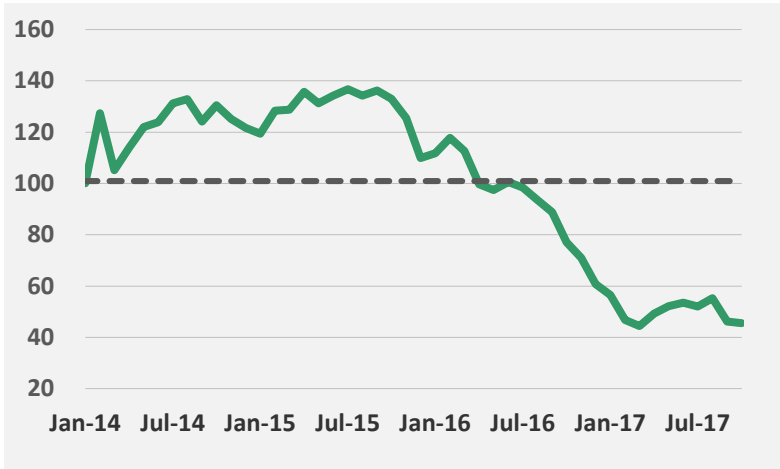
**3** Waste paper ban imports reduction in 2018 should be around 5 million tons of Mixed Waste Paper. Let's consider that:

- 60% MIGHT be sourced from domestic market and improved quality through sorting coming from overseas suppliers
- 40% MIGHT switch to virgin pulp: 2 million tons / 1.4 = 1.4 million tons
  - 80% benefits SW demand: 1.1 million tons
  - 20% benefits **HW demand: 300Kt**

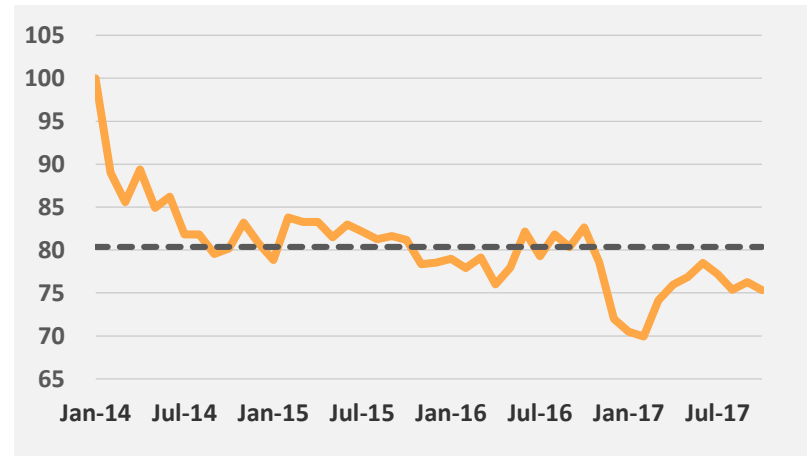
**Total HW demand increase in 2018 could be around 2,215 kt... Just in China!**

# Low inventories at the Chinese Paper & Board producers

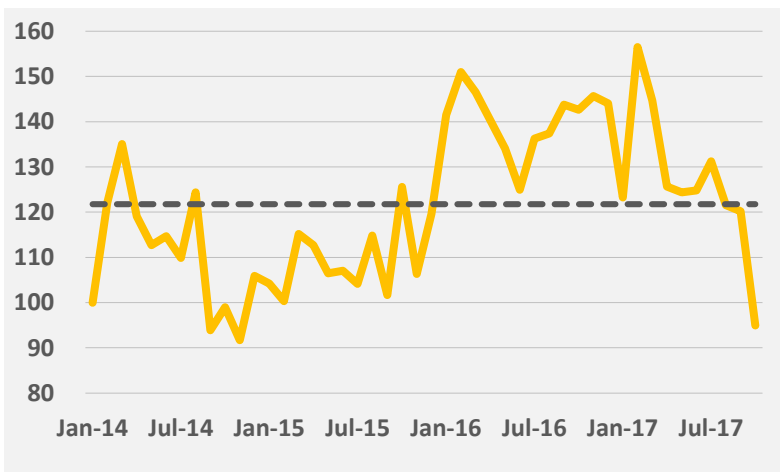
Fibria Index for Paper & Board inventories @ Paper & Board producers



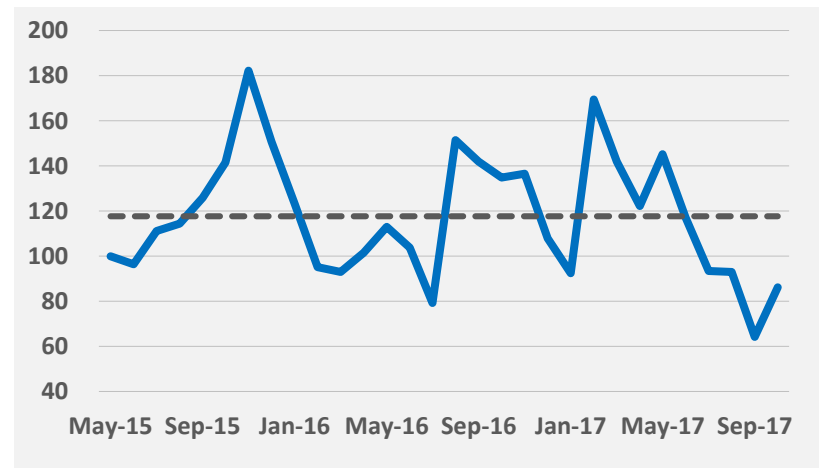
Fibria Index for Chemical Pulp inventories @ Paper & Board producers



Fibria Index for Pulp inventory @ Changshu

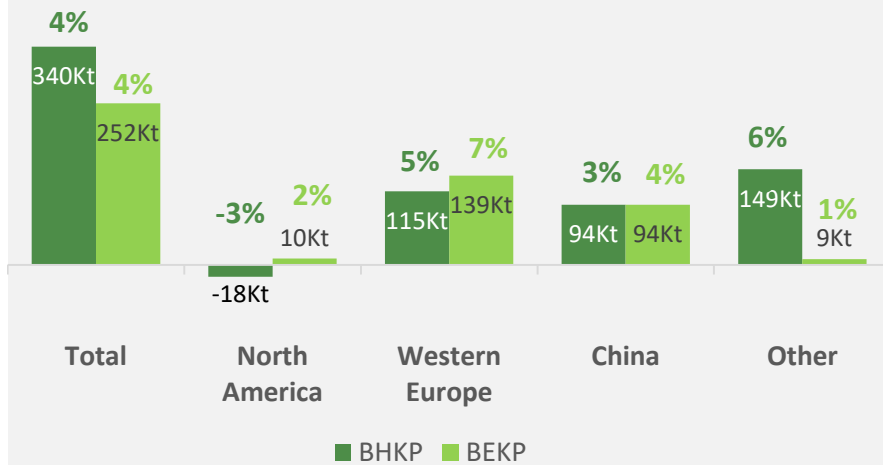


Fibria Index for Pulp inventory @ Qingdao

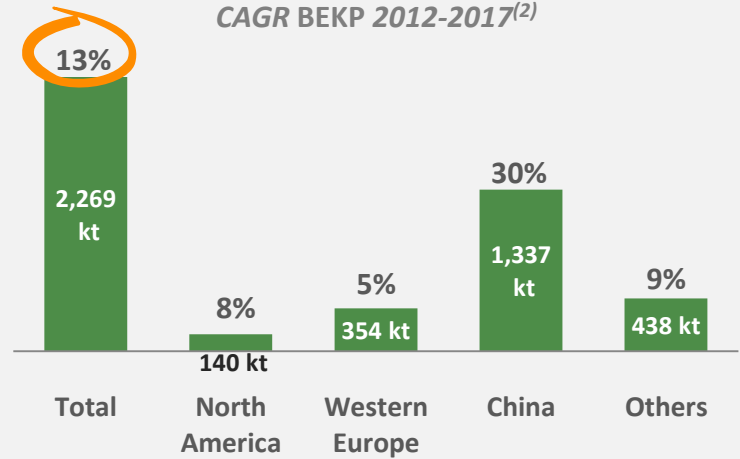


## Shipments of Hardwood and Eucalyptus Pulp

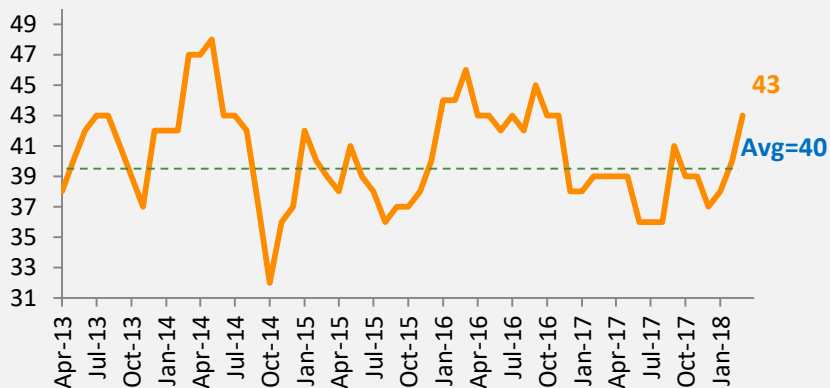
3M18 vs. 3M18<sup>(1)</sup>



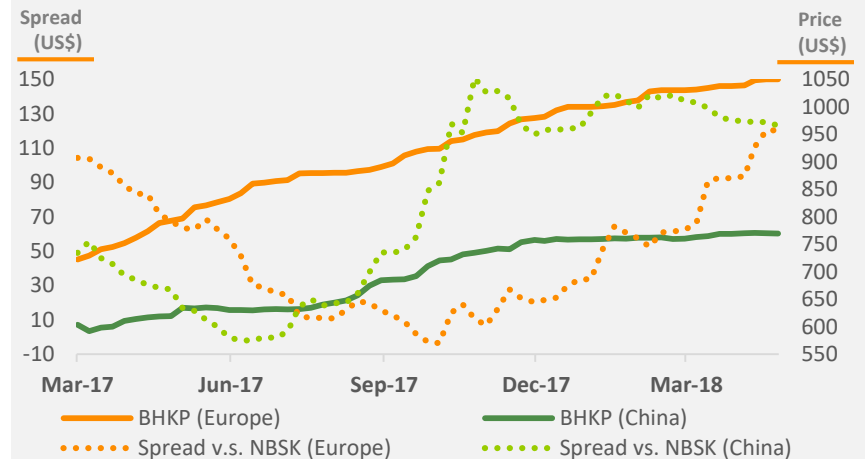
CAGR BEKP 2012-2017<sup>(2)</sup>



Hardwood inventories – in days<sup>(1)</sup>



Prices<sup>(3)</sup> and Spread BHKP vs. NBSK (US\$/t) – Europe and China



(1) Source: PPPC G100 – March/2018

(2) Source: PPPC Global 100 – December/2017

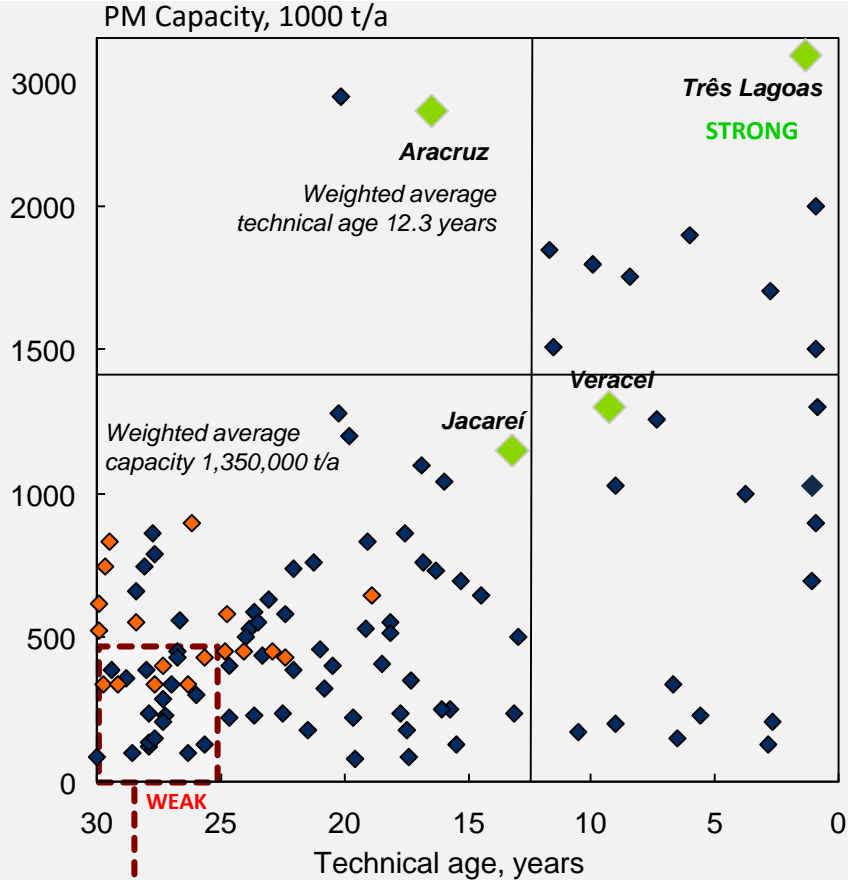
(3) Source: FOEX

# Technical Age and Scale in the Pulp Industry

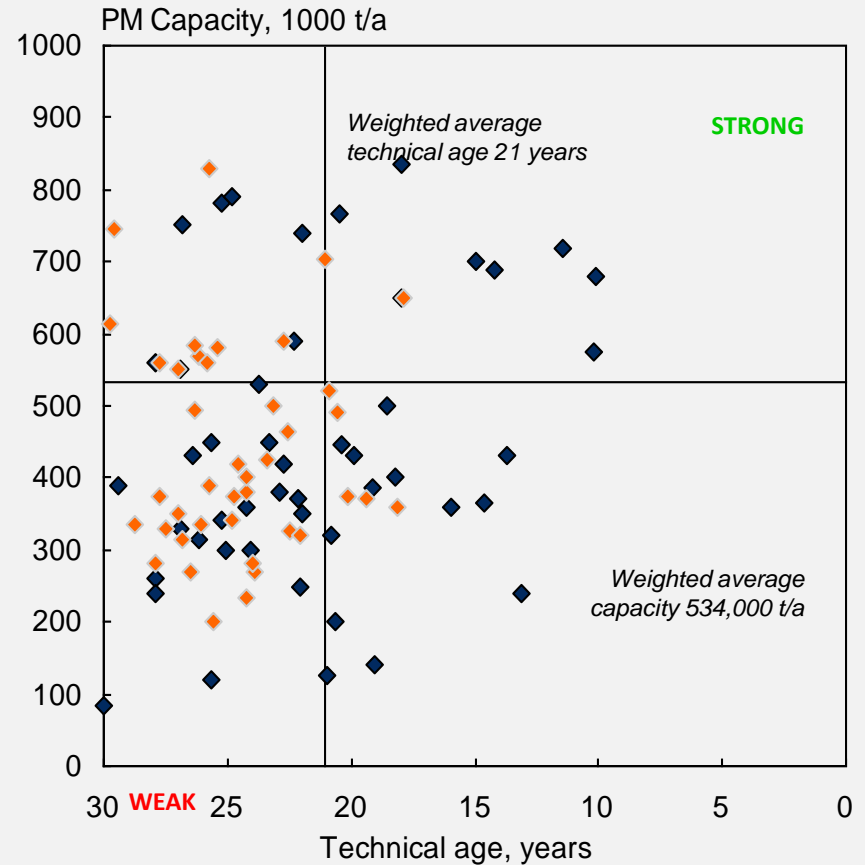
Further closures are expected due to lack of adequate investments in the industry...



## Hardwood (BHKP) Producers – Integrated and Market Pulp Mills



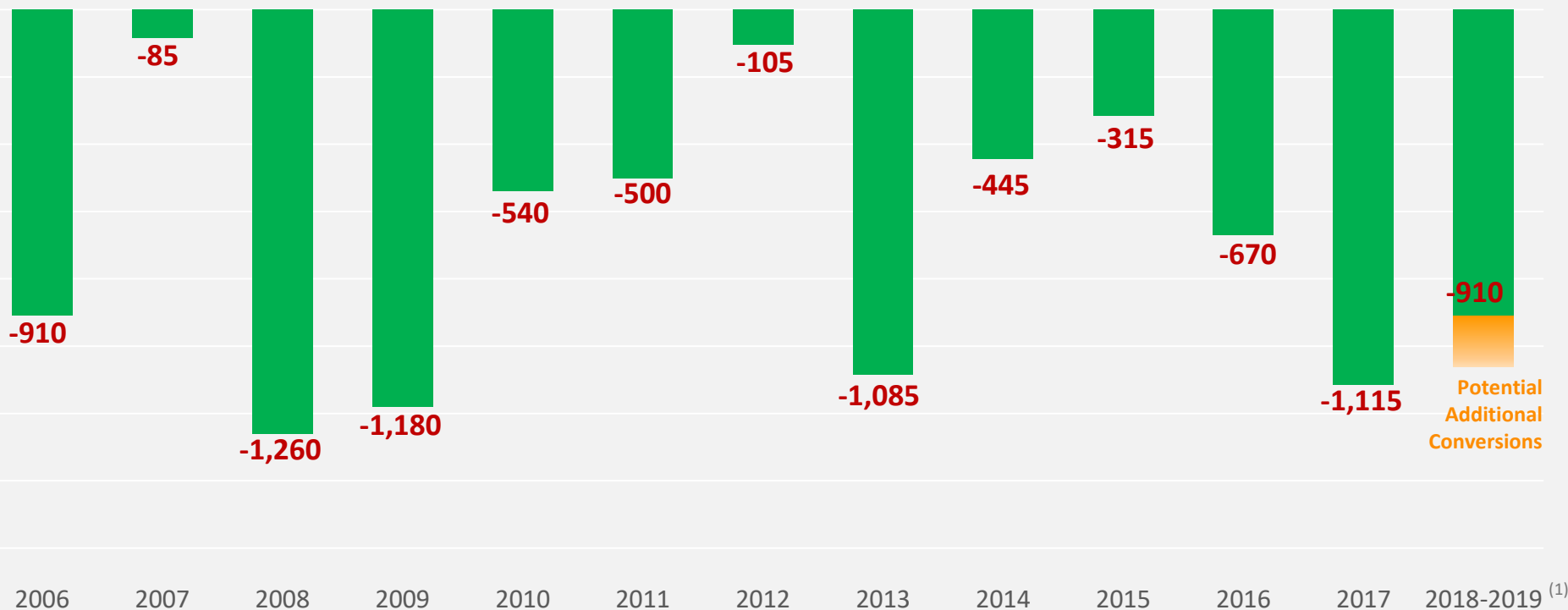
## Softwood (BSKP) Producers – Integrated and Market Pulp Mills



◆ North American Pulp Mills    ◆ Other Pulp Mills

More than 6.6 million tons of capacity above 25 years and with annual capacity below 500,000 t/y.

## Closures of Hardwood Market Pulp Capacity Worldwide (000 ton)



Closures do not include temporary movements.  
(960 kt in 2017)

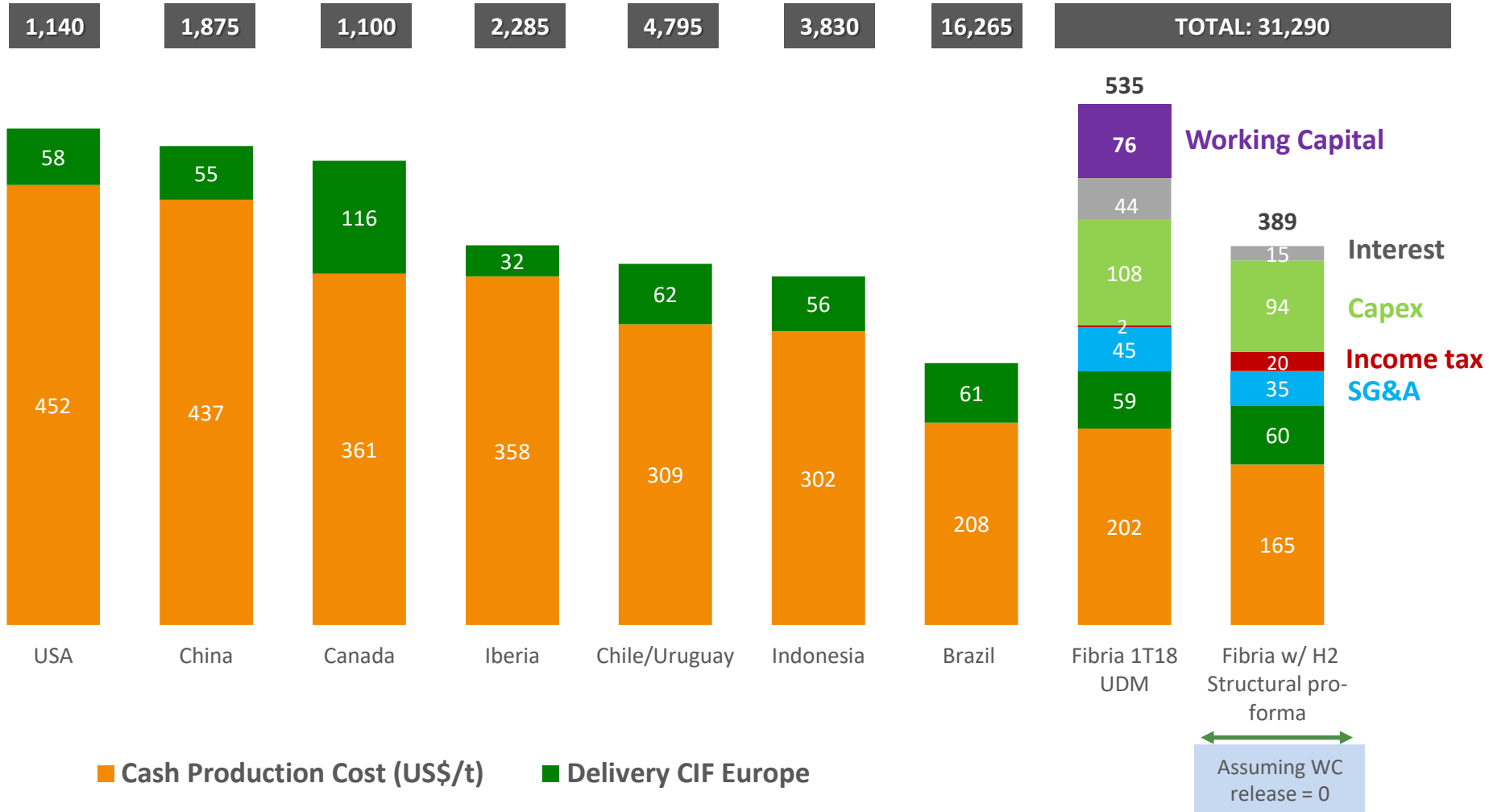
(1) Closures/conversion/integration 2018: April Rzhao (-500 kt), Navigator (-50 kt) and 2019: April Rizhao (360 kt).

# More Competitive Cash Cost with H2

## BHKP (US\$/t)



BHKP capacity ('000 t)

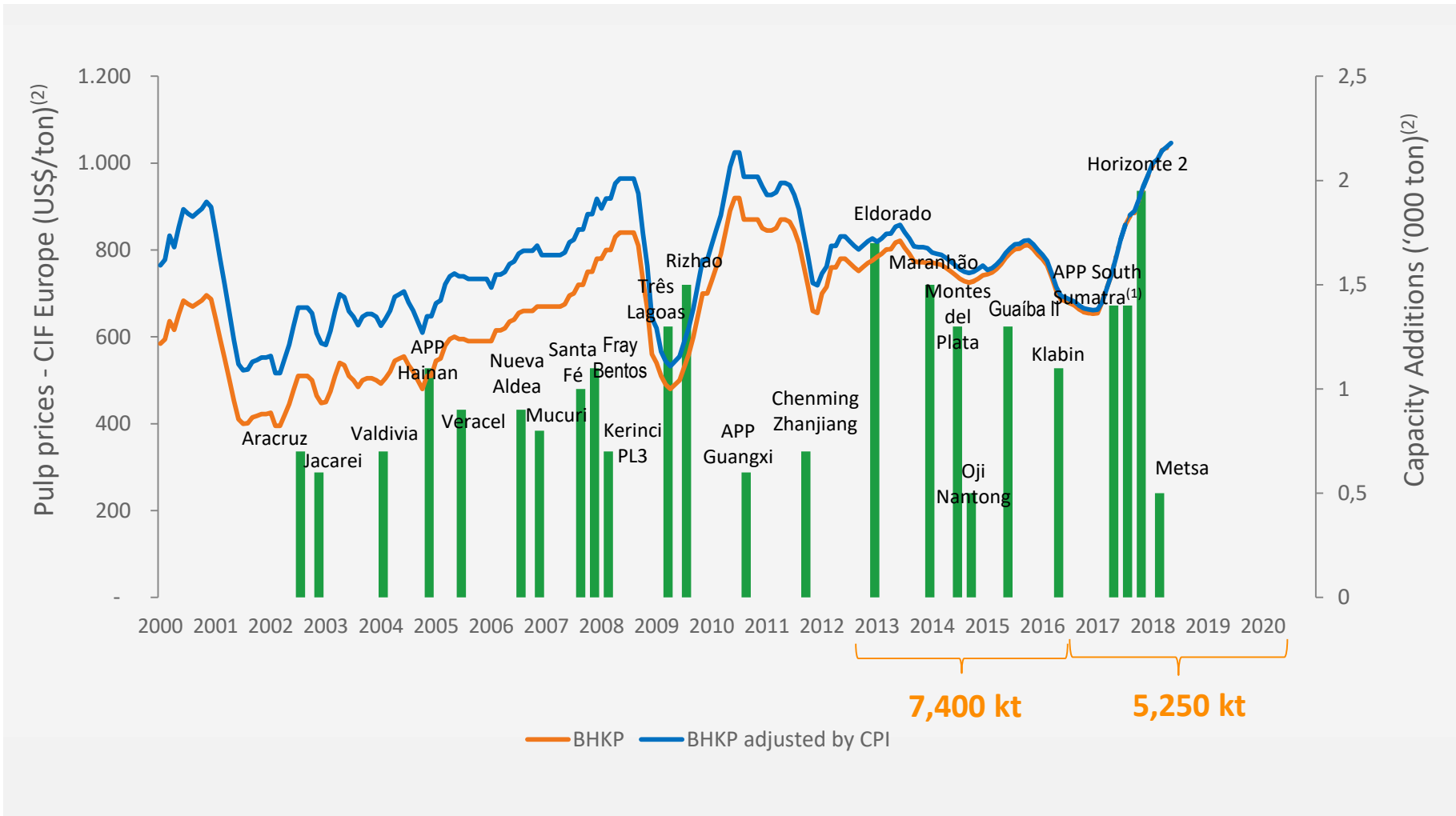


Sources: Hawkins Wright (Production Costs September 2017) and Fibria's 1Q18 Earnings Release. FX considered at R\$/US\$ = 3.12 (also assumed by Hawkins Wright).

Fibria with Horizonte 2 (H2) cash production cost was estimated according to weighted average cost, after mill balance, converted at R\$/US\$ = 3.12. Includes energy sales. Pro-forma figures are in real terms (considering IPCA inflation up to 2018).

# New Capacity Investment Pipeline

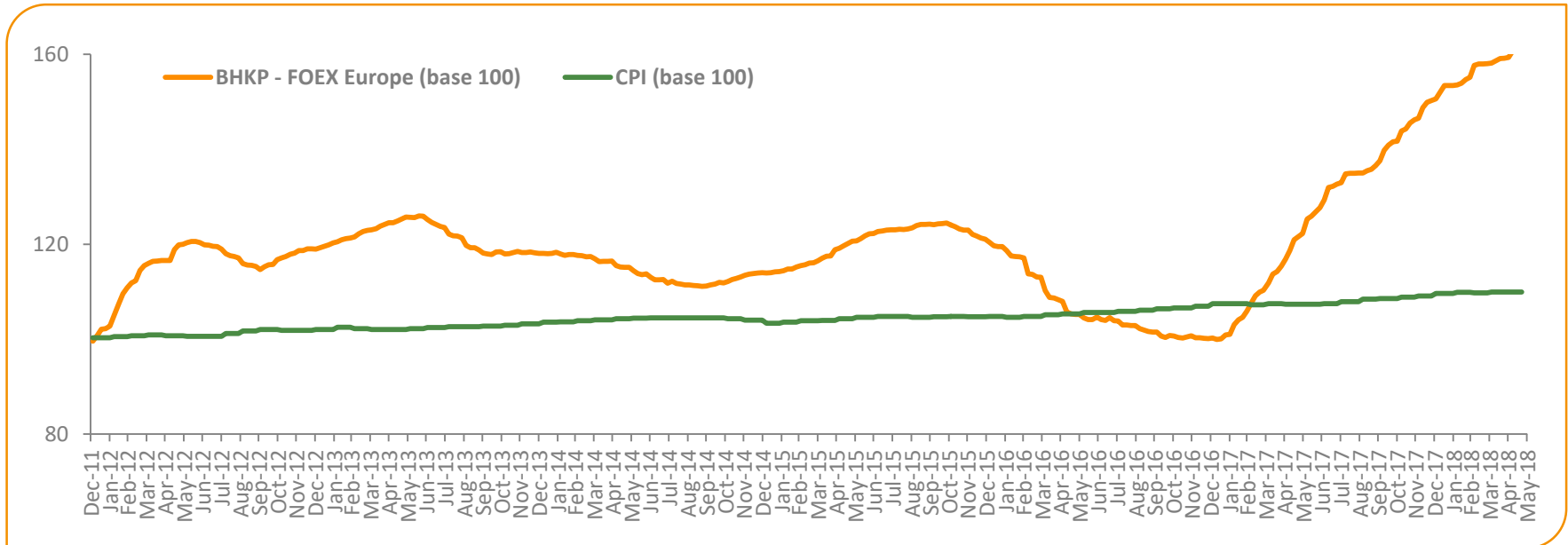
No major new capacity announced after OKI and H2 projects



(1) Partially integrated production.

(2) Sources: Hawkins Wright, Poyry and Fibria Analysis.

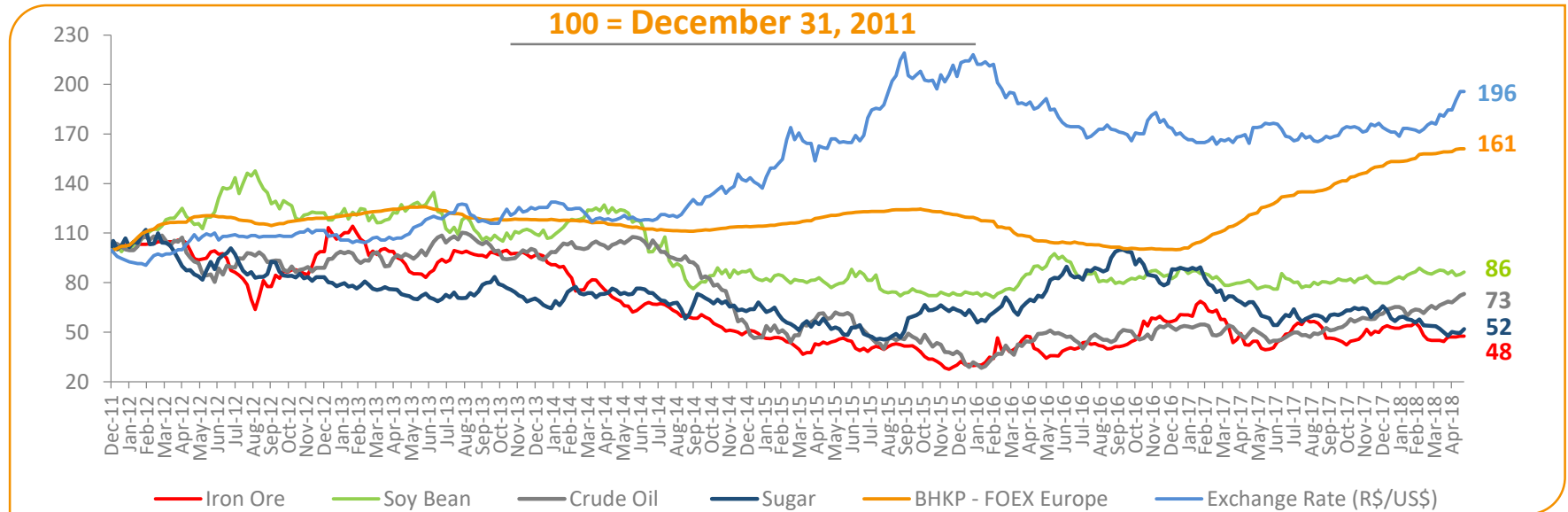
# In the last 6 years, pulp volatility has been just 4%...why?



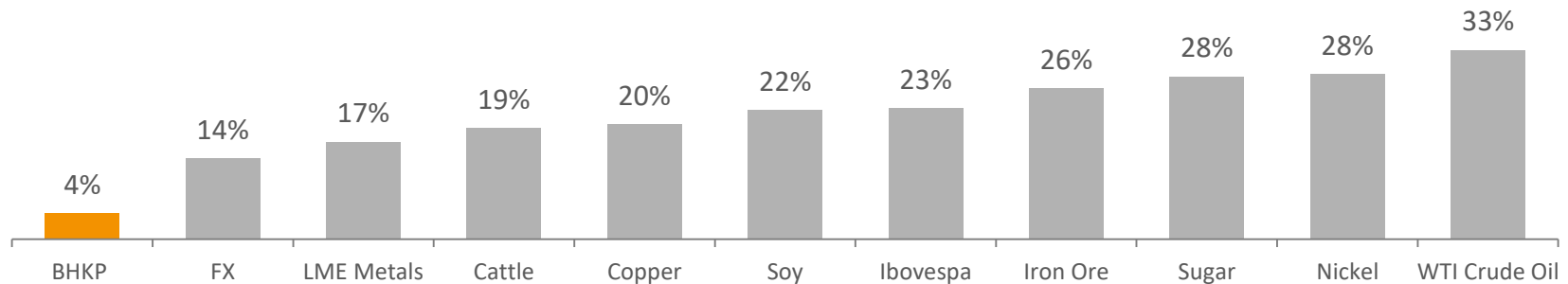
- ▶ Market price closer to producer's marginal cost
- ▶ The marginal cost producers are based in Europe and North America
- ▶ Flattish industry cost curve
- ▶ Higher flexibility to adjust supply side during imbalanced market
- ▶ Market end users are linked to consumer goods, such as tissue
- ▶ Incipient pulp price futures market and low liquidity



# Lowest volatility among commodities<sup>1</sup>



## Historical Volatility of Commodities (US\$)<sup>2</sup> – Lower than FX



Low volatility of hardwood pulp price, even though new capacities have come on stream during the period.

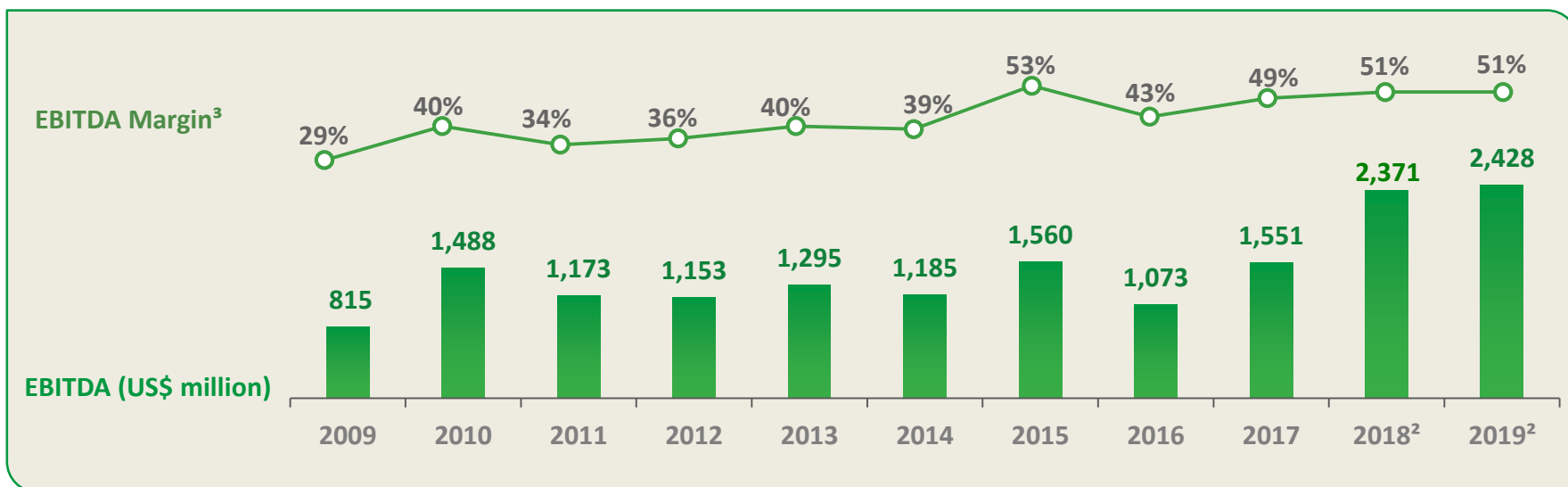
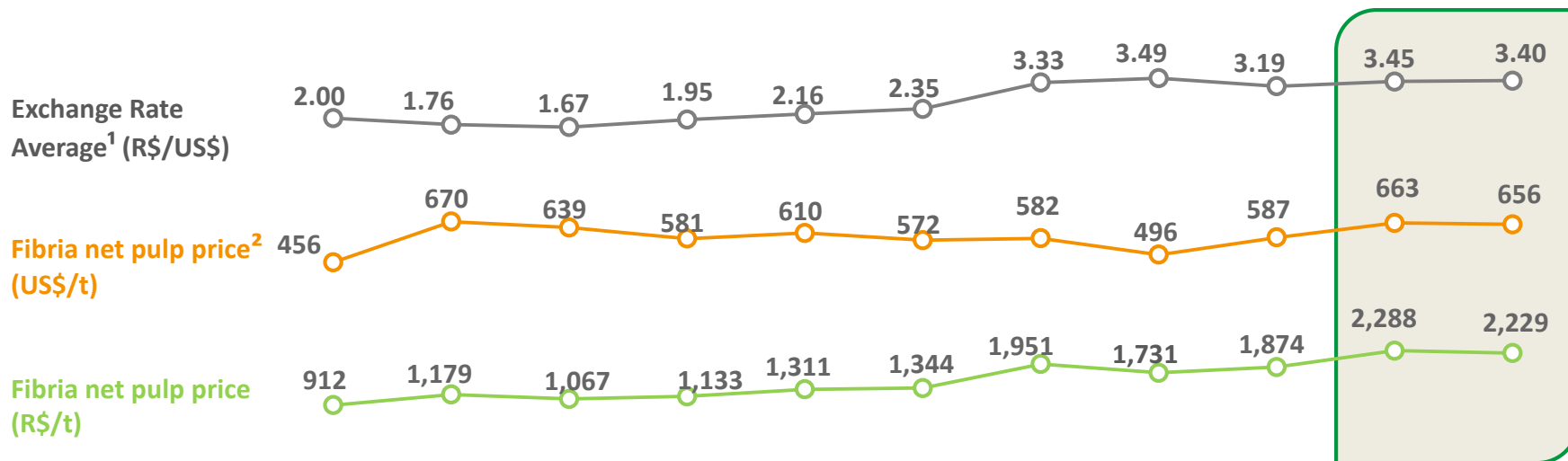
(1) Bloomberg – up to May 22, 2018

(2) Since December 31, 2011 up to May 22, 2018



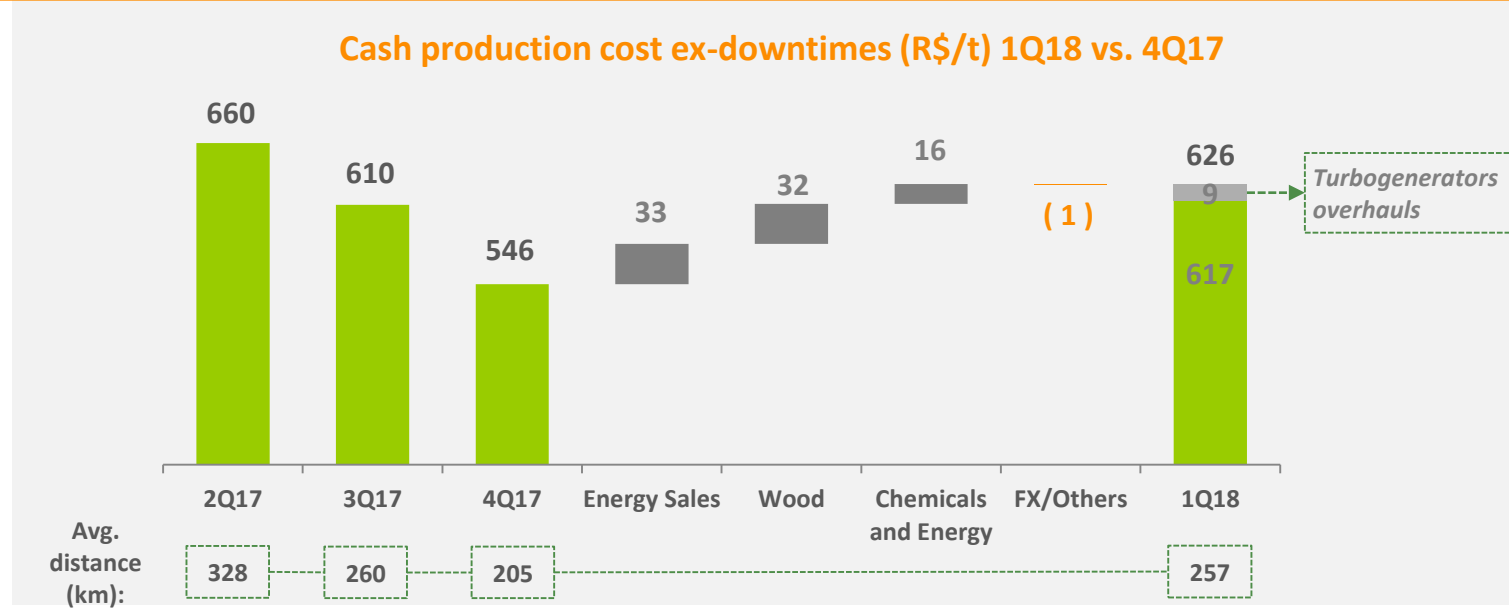
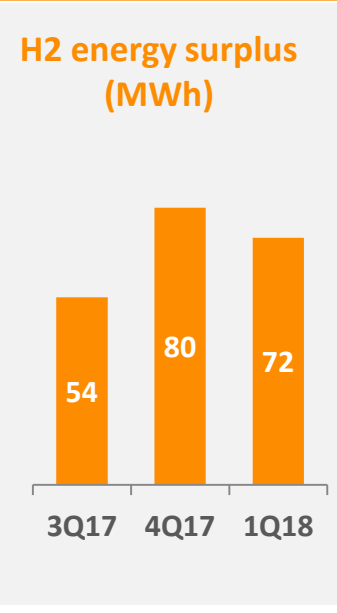
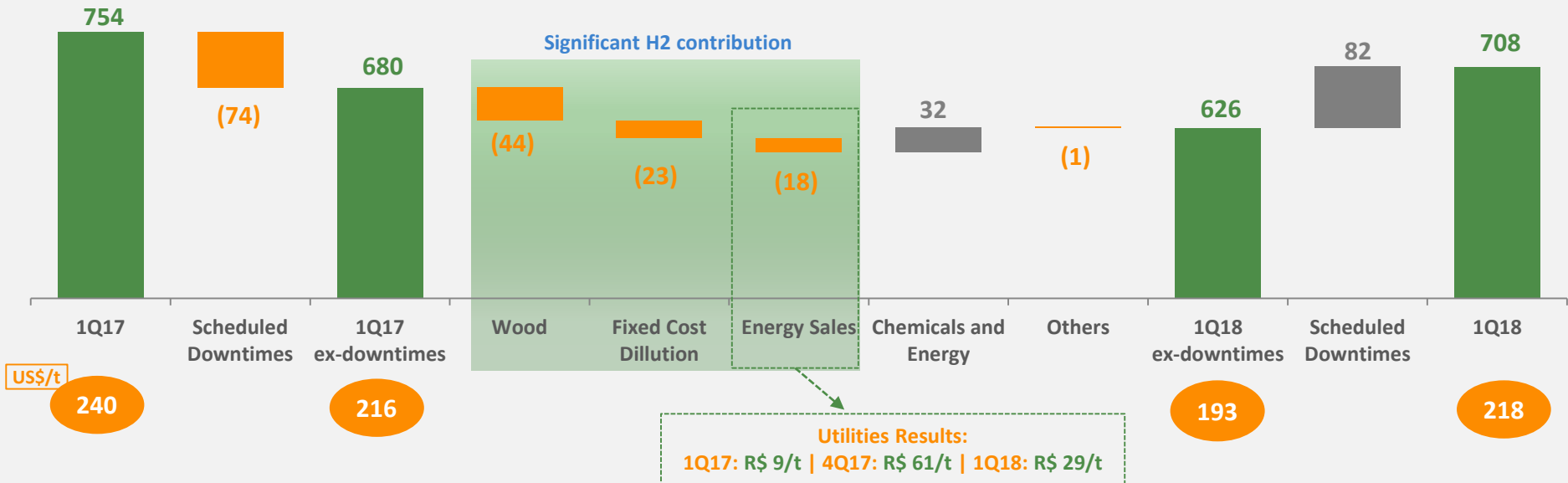
## Financial and Operational Highlights

# Each 5% depreciation of the Real increases EBITDA by around R\$515m and FCF by R\$324m

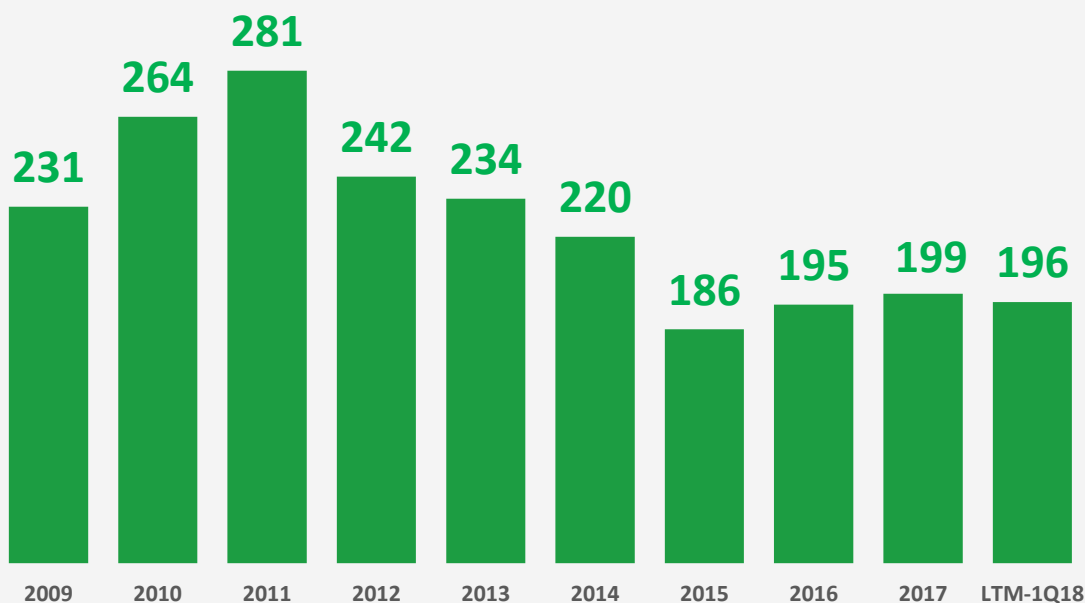


(1) 2018 according to Focus Report (Brazilian Central Bank – May 18, 2018) | (2) 2018 according market consensus | (3) Not considering the effect of Klabin sales

# Cash Production Cost (R\$/t) – 1Q18



## Fibria's Cash Production Cost<sup>(1)</sup> (USD/ton)



Average  
FX  
(BRL/USD)

1.99	1.76	1.67	1.95	2.16	2.35	3.33	3.49	3.19	3.22
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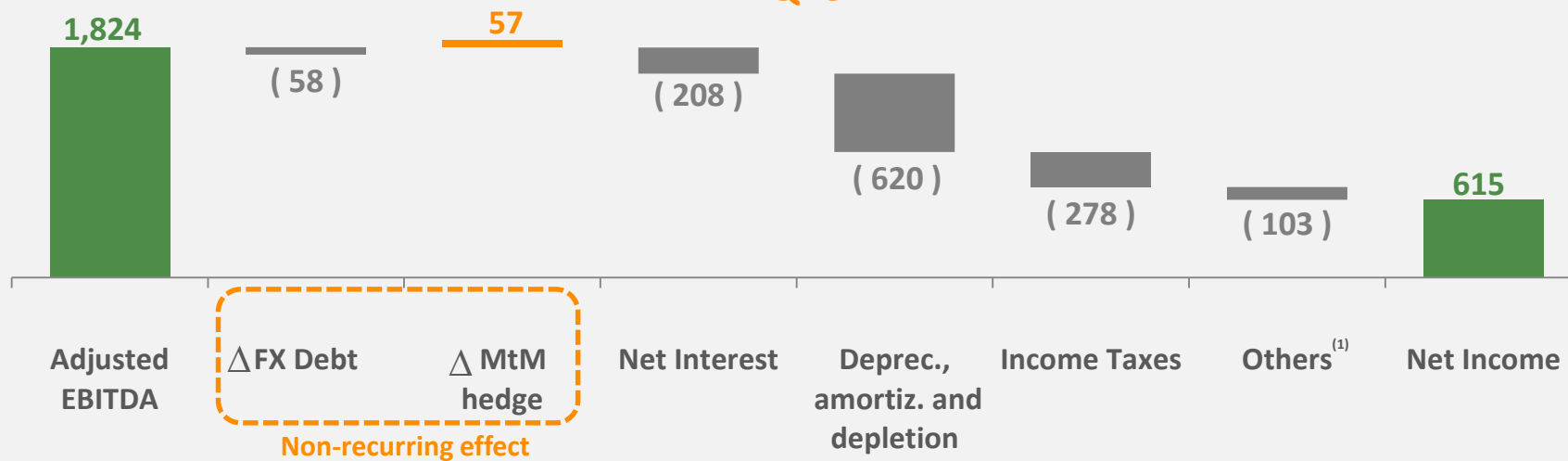
Consistently  
controlling the cash  
production cost

But lately, it has been  
influenced  
by non-recurring  
effects:

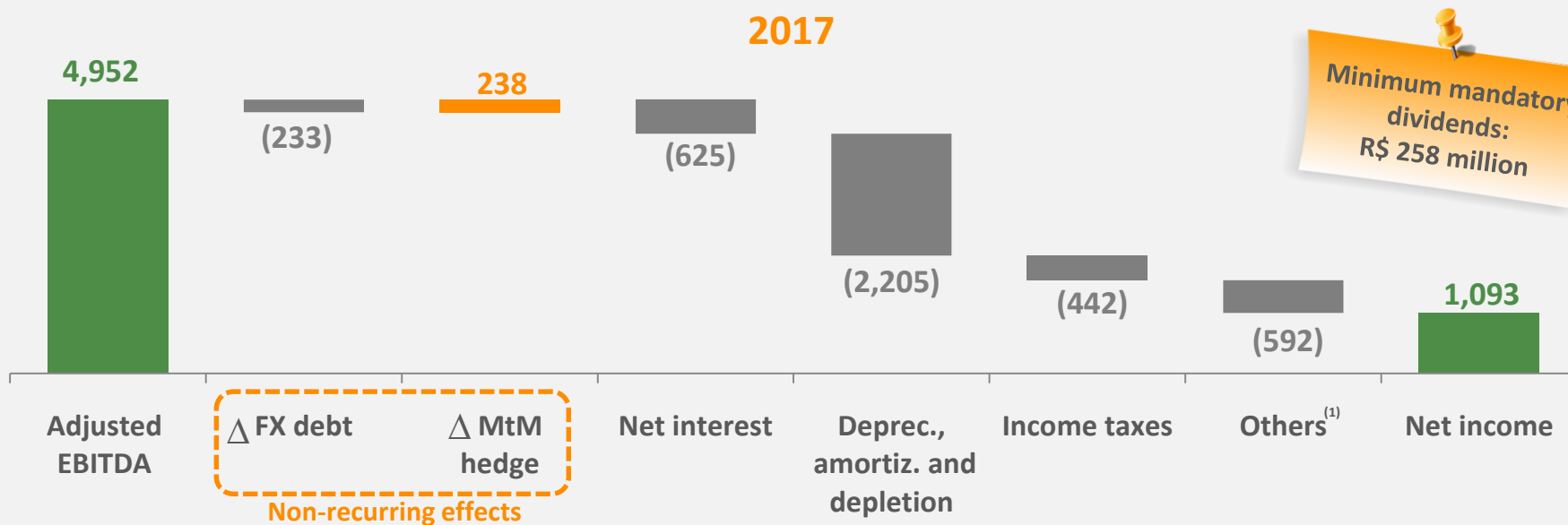
- Wood
- Energy price
- Chemicals & Energetics

# Net Results (R\$ million)

## 1Q18

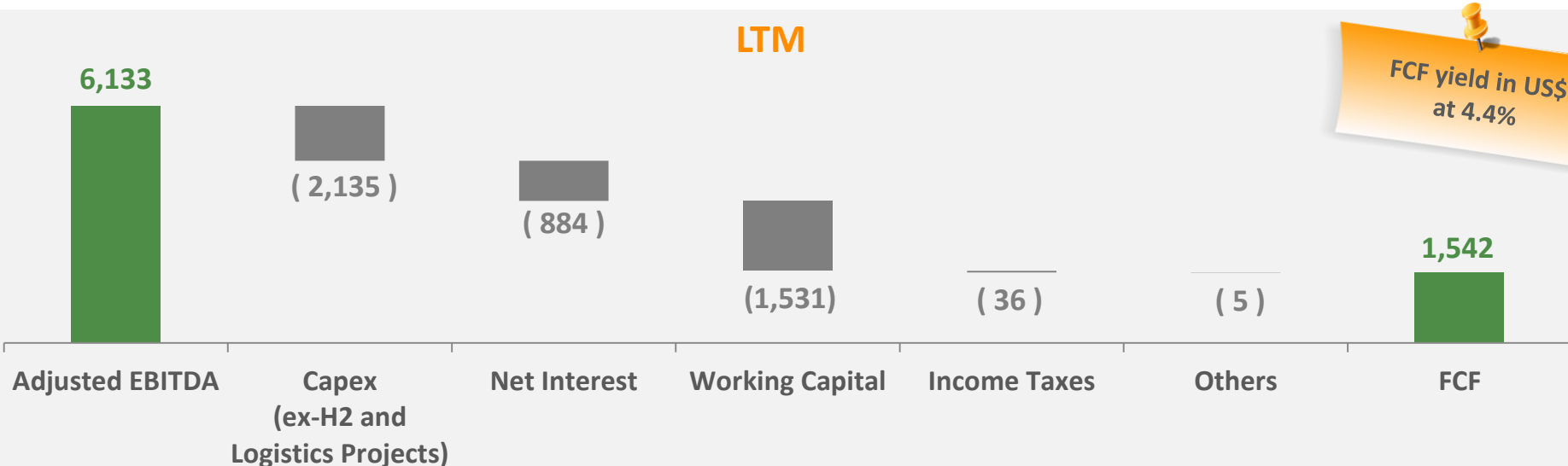
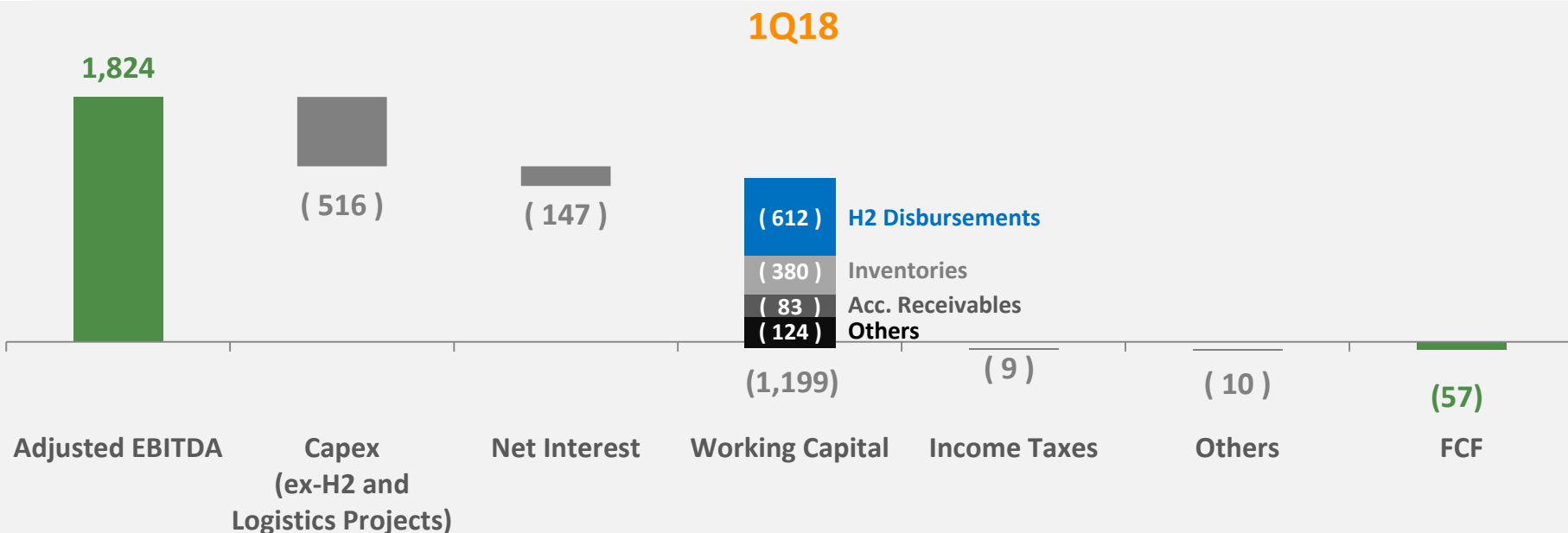


## 2017



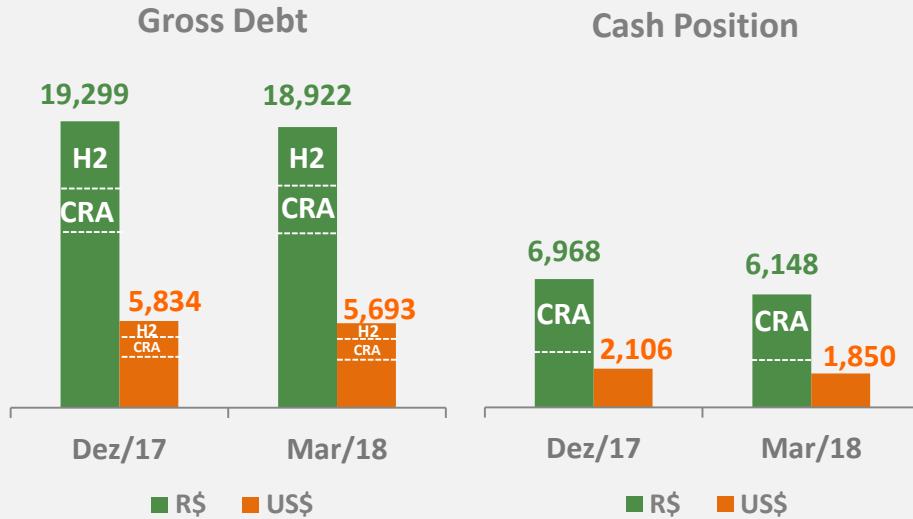
(1) Includes other Exchange rate/monetary variations other financial income/expense and other operating income/expenses.

# Free Cash Flow – FCF<sup>(1)</sup> 1Q18 and LTM (R\$ million)

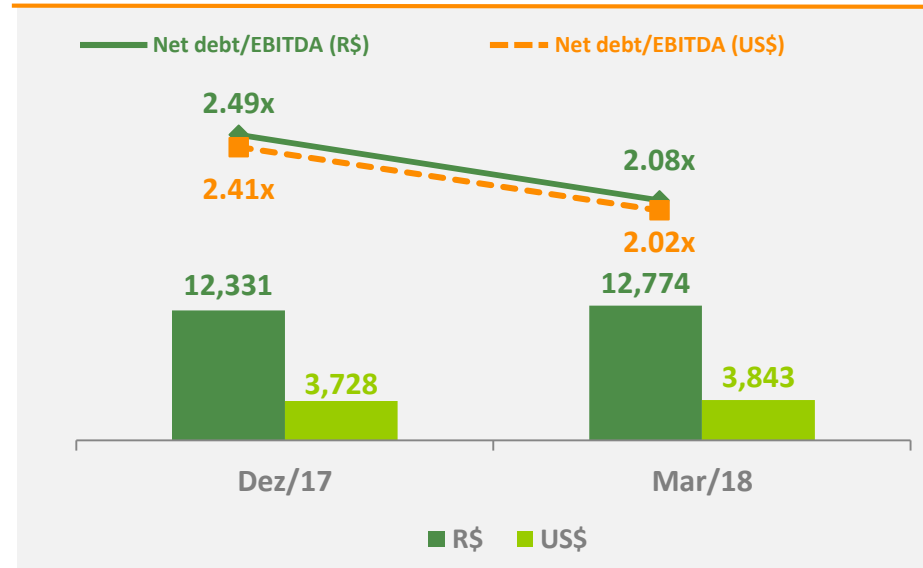


(1) Not considering Horizonte 2 capex (1Q18: R\$ 113 mn | LTM: R\$ 1,775 mn), pulp logistics projects (1Q18: R\$ 158 mn) | LTM: R\$ 201 mn) and dividends payment (LTM: R\$ 395 mn).

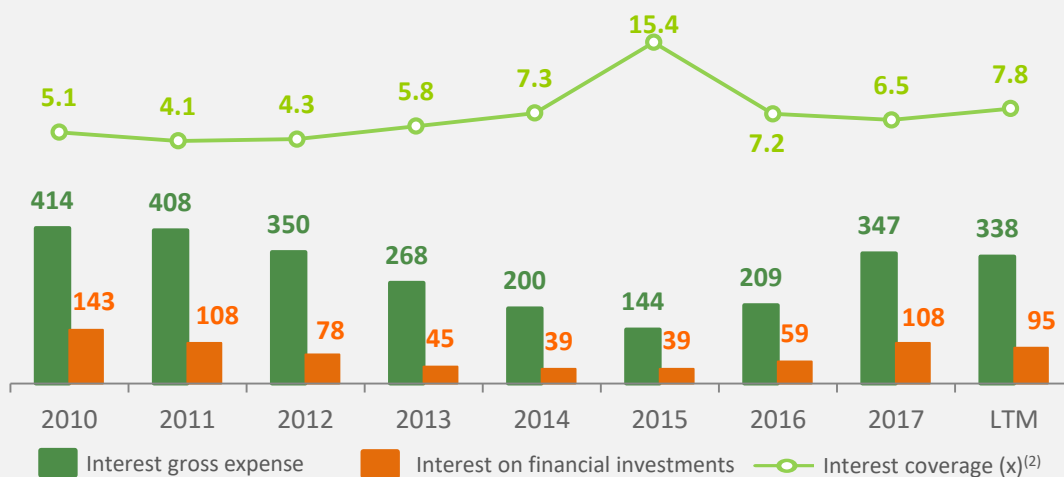
## Gross debt and Cash position (million)



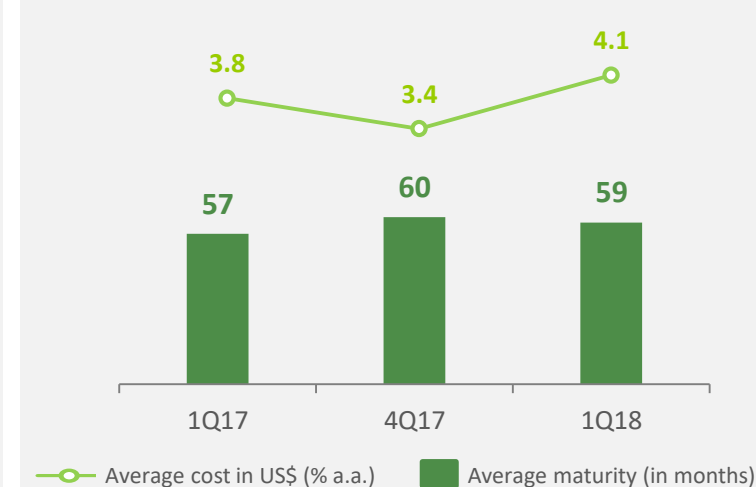
## Net debt (million) and Leverage



## Interest expense/revenue (US\$ million) and Interest coverage<sup>(2)</sup>



## Cost of Debt in US\$<sup>(1)</sup> and debt maturity



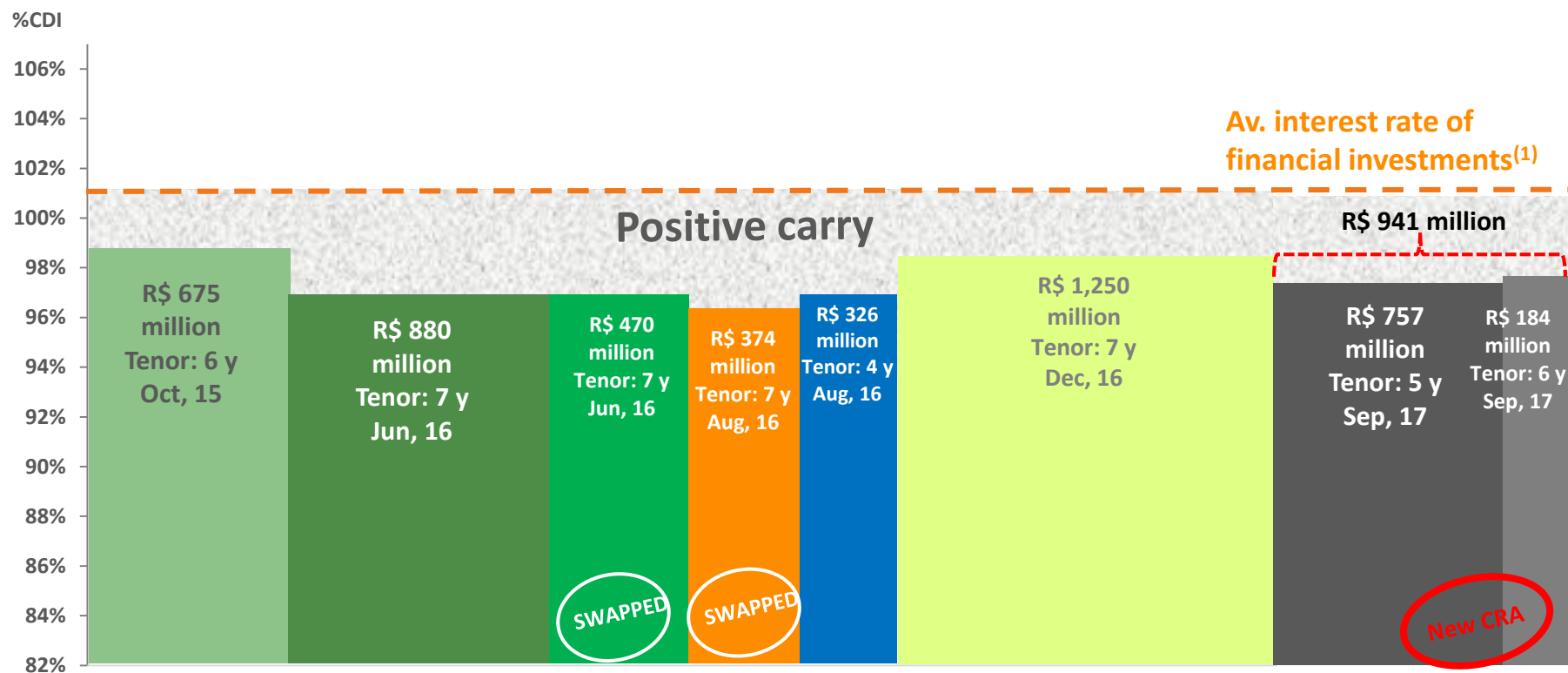


# Agribusiness Credit Receivable Certificates (CRAs)



*CRA accounted for 25% of the total debt*

The largest CRA issuer in Brazil (R\$ 4,915 million; Av. cost 98%)

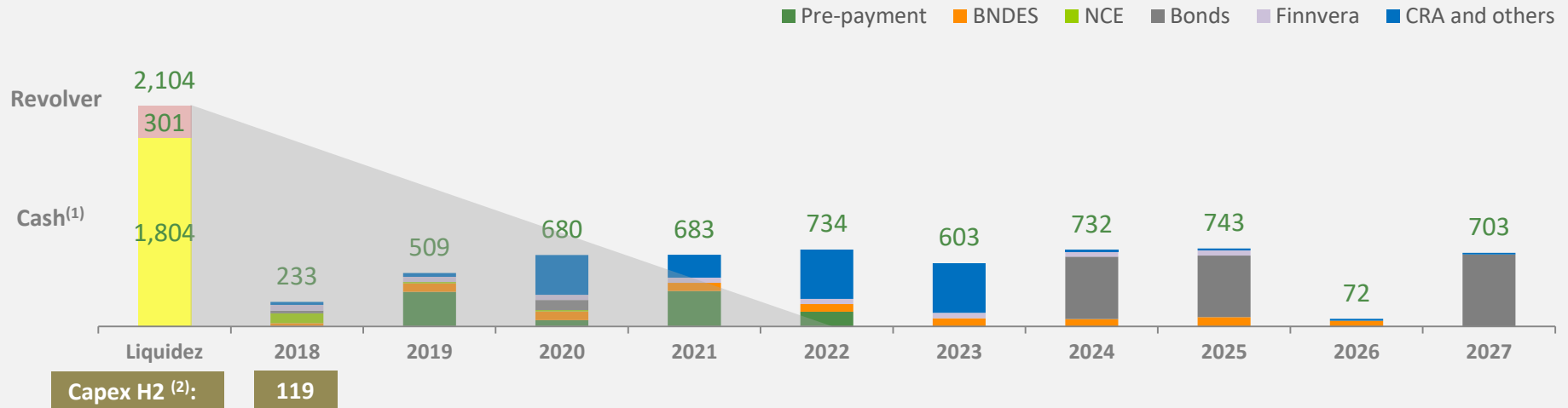


(1) Refer to note 7 – cash and cash equivalents in 4Q17 Financial Statements

# Robust Liquidity – USD million

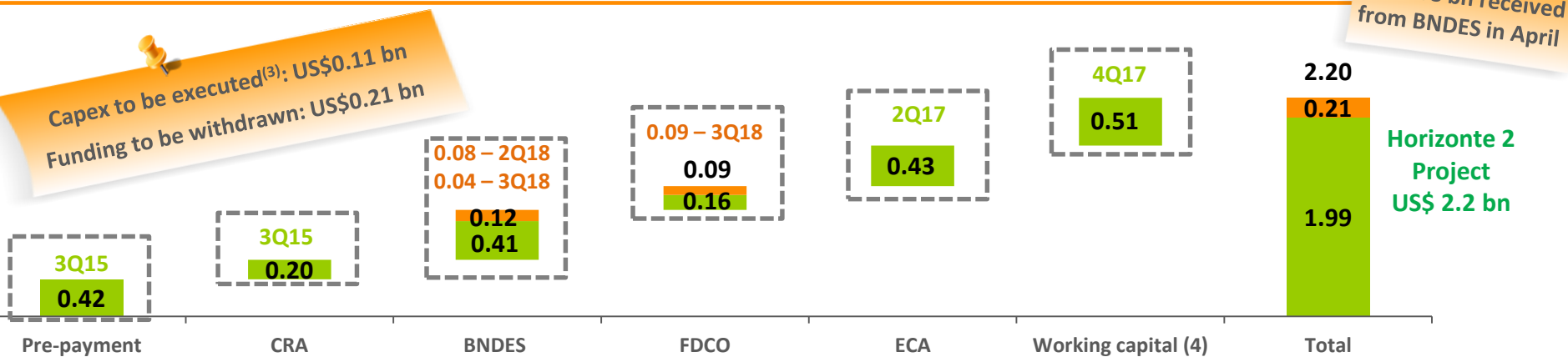
(@March 30, 2018)

## Liquidity<sup>(1)</sup> and debt amortization schedule (US\$ million)



(1) Not including US\$ 46 million related to MtM of hedging transactions. | (2) Financial execution of US\$ 2,086 million (cash) capex up to Mar/2018. FX (R\$/US\$) 3.3406.

## Horizonte 2 Funding (US\$ billion)



(3) Capex to be disbursed (cash) related to Horizonte 2.

### Market Scenario

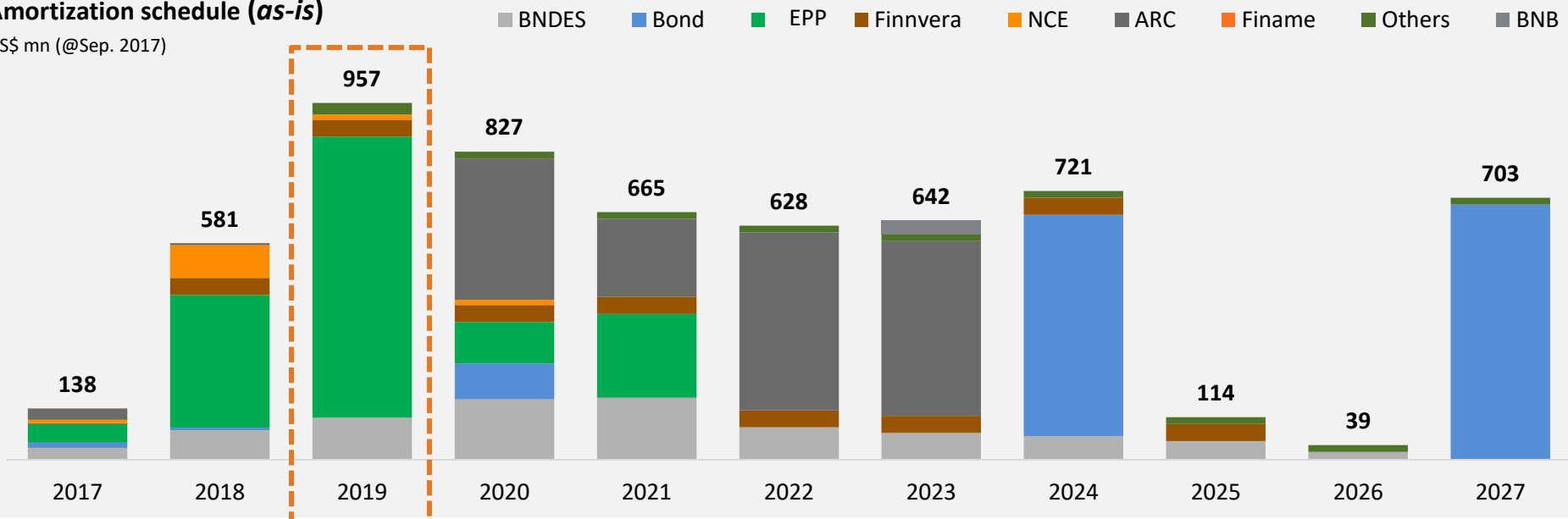
- Amortization **concentrated in 2019**
- Higher volatility in 2018 combined with the current **market opportunity** for funding in US\$

### Goals

- Balance and extend** the debt repayment schedule
- Ensure low average** cost of debt
- Exclude **financial covenants**
- Initiate **reduction of gross debt** using US\$ 200 million cash

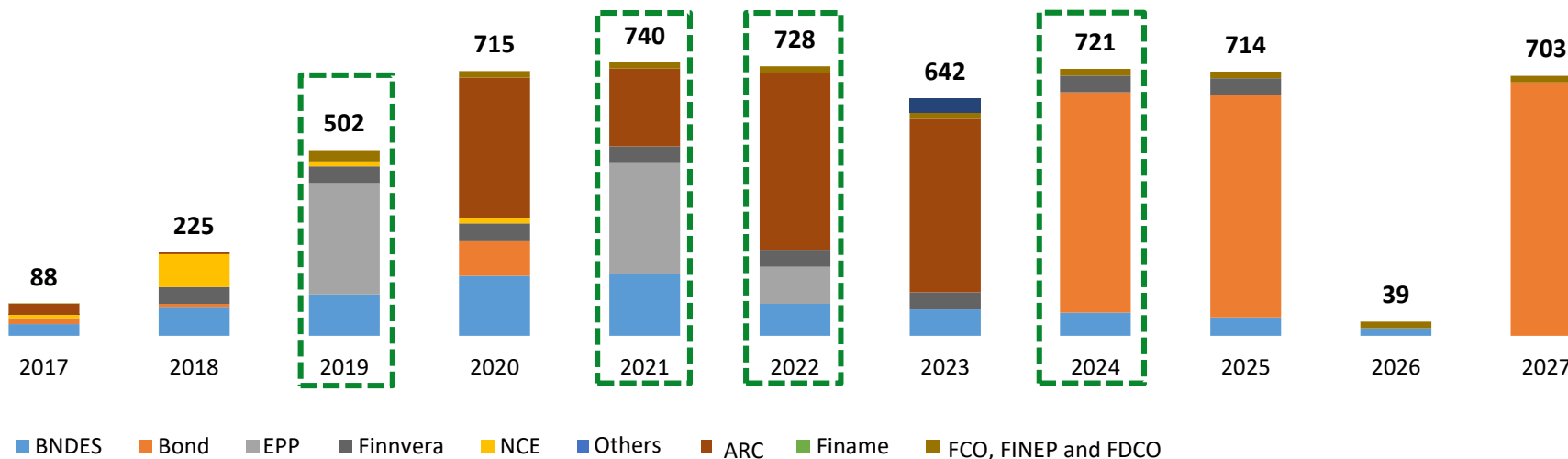
### Amortization schedule (as-is)

US\$ mn (@Sep. 2017)



### Amortization schedule (to be: EPP + Bond)

US\$ mn (@Sept. 2017)



### US\$ 1.5 bn export pre-payment to be paid in advance, with:

US\$ 0.6 bn new bond due 2025 (coupon rate 4.00% p.a.)

+

US\$ 0.7 bn new Export Pre-Payment

+

US\$ 0.2 bn cash use



### Cost of debt in US\$ and Debt Maturity<sup>1</sup>

Average cost in US\$ (% p.a.)

3.5

3.5

Average maturity (in months)

54

66

As-is

To be

1) Considering the portion of debt in reais fully adjusted by the market swap curves

# WAIVER ON 4.5X COVENANT WAS EARLY NEGOTIATED

*Horizonte 2 start-up in 3Q17 boosts EBITDA and FCF generation*



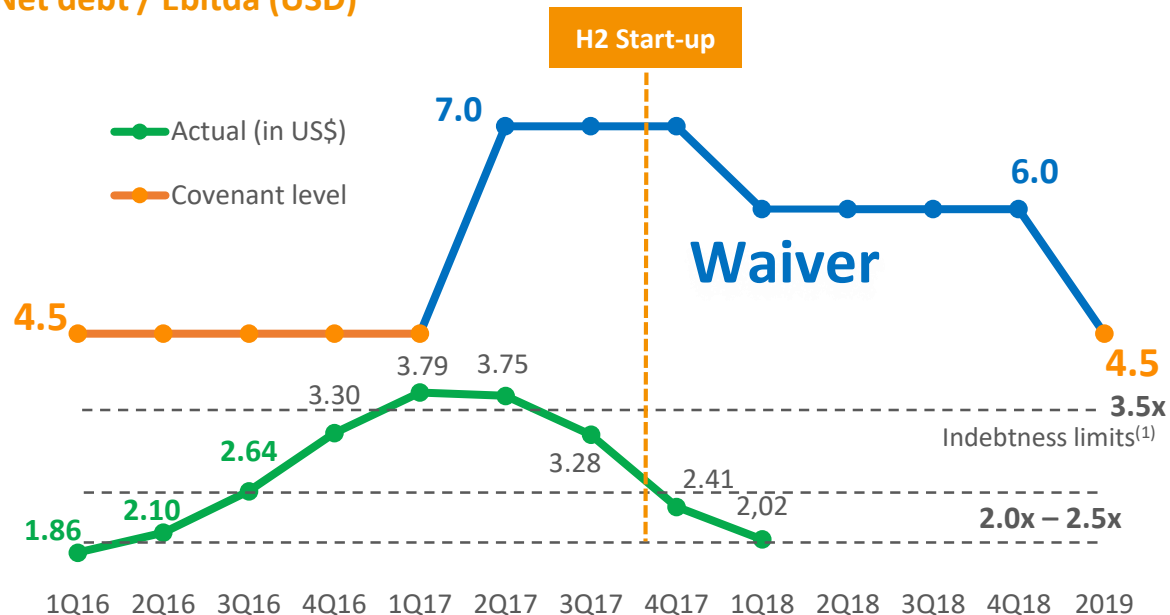
## Initiatives for Leveraging Management

US\$854 MM initiatives mapped

US\$220 MM **implemented** during the expansion cycle.

**Working capital release**

## Net debt / Ebitda (USD)



## Leverage guidelines

- Range of 2.0x to 2.5x net debt/EBITDA
- Maximum 3.5x net debt/EBITDA during expansion cycles

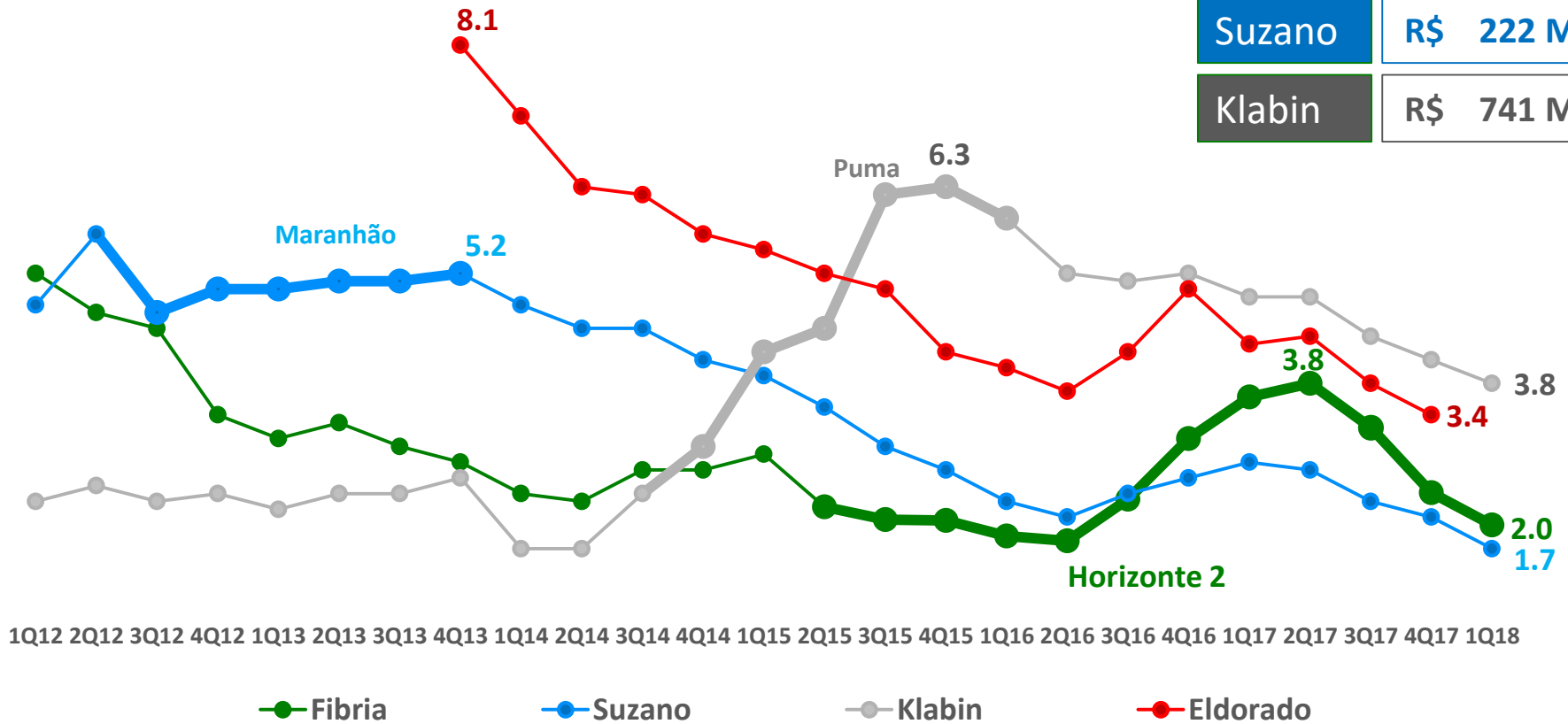
## Highlights

- Covenants only triggered if Fibria loses the Investment Grade by 2 of the 3 rating agencies
- During the most critical periods of expansion, 4.5x covenant was waived

(1) As stated on the Liquidity and Indebtedness Policy and Shareholders Agreement

## Dividends and interest on equity paid during expansion projects:

Fibria	R\$ 2,840 MM
Suzano	R\$ 222 MM
Klabin	R\$ 741 MM



**Lowest leverage peak during the largest expansion project in LatAm with the lowest cash production cost and lowest cost of funding**

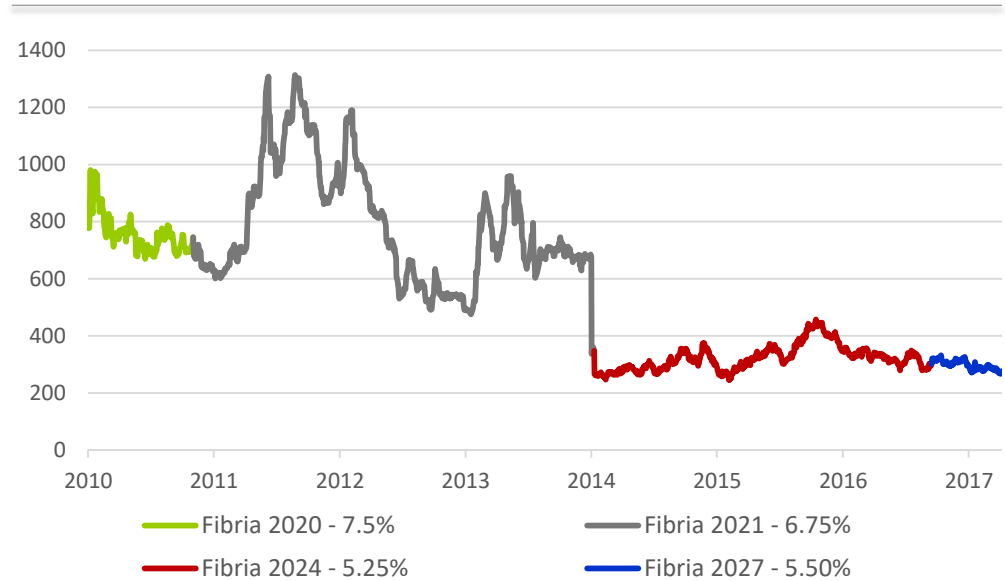
(1) Fibria's historical data in BRL. The period in bold represents companies' expansion capex execution.

# One of the best performances among Brazilian corporate issuers<sup>(1)</sup>

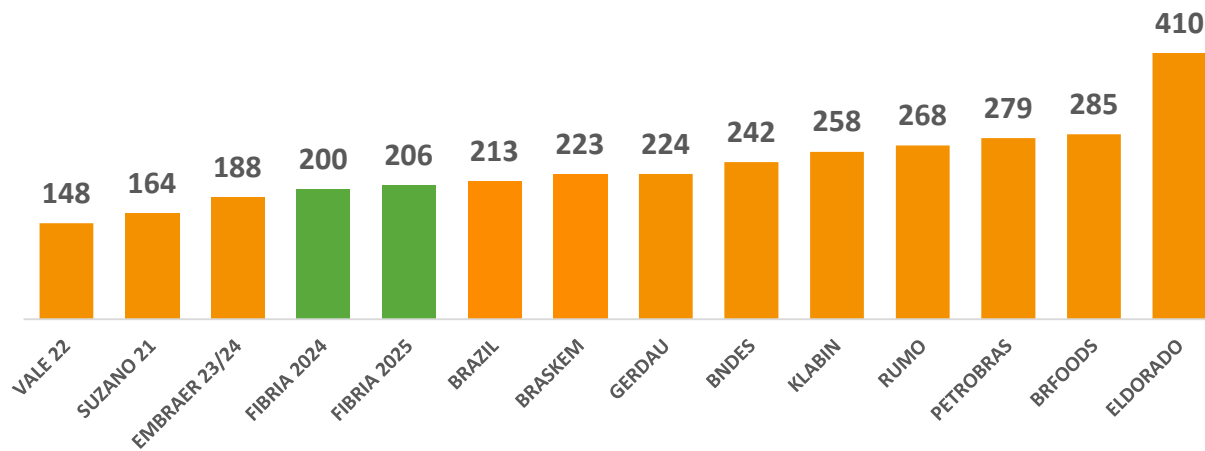


	Rating	Outlook
<b>STANDARD &amp; POOR'S</b>	BBB-	Stable
<b>FitchRatings</b>	BBB-	Stable

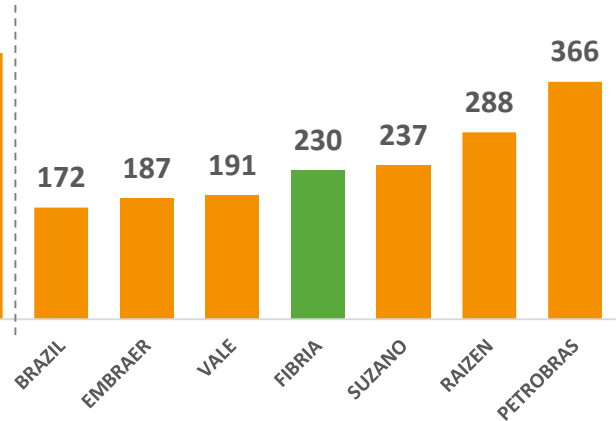
Historical G-spread (bps)



Issuance with maturity in 2024

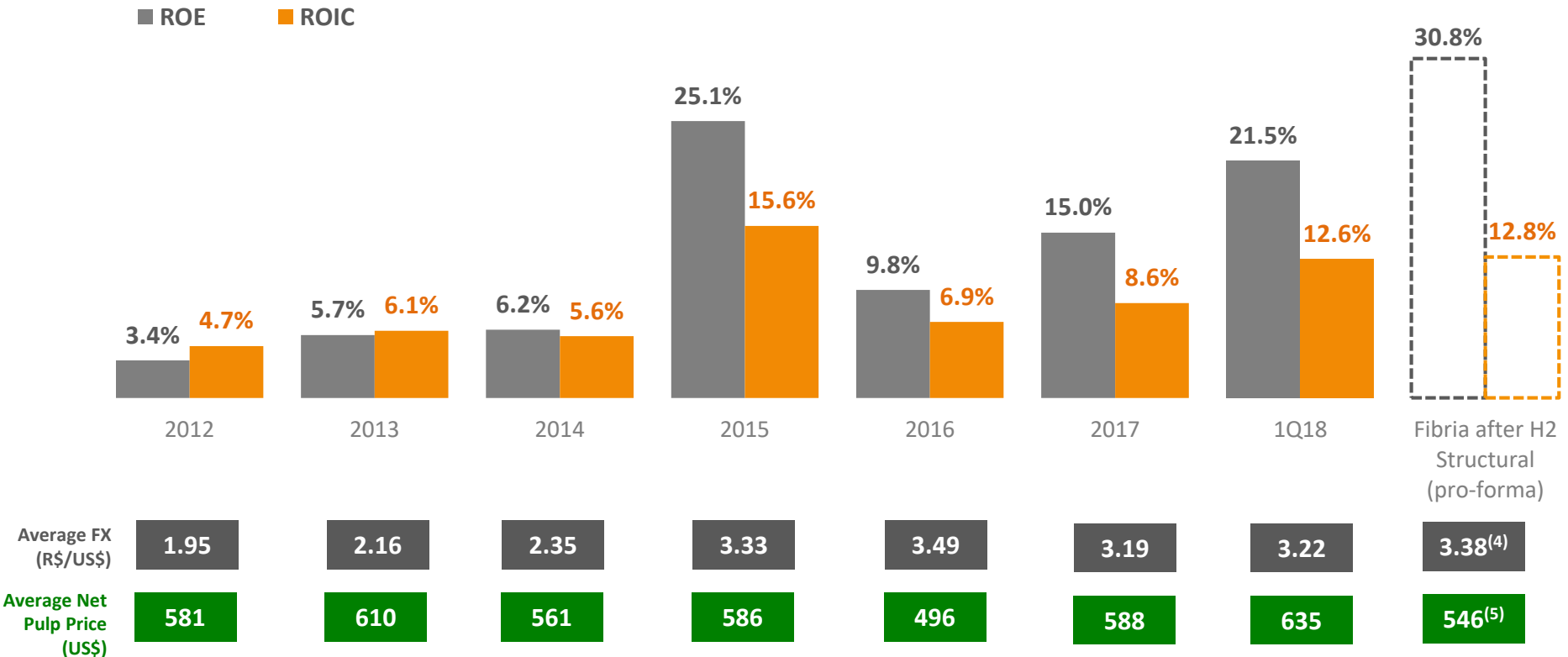


Issuance with maturity in 2027



(1) G-spread on May 18, 2018

ROE = Adjusted EBIT<sup>(1)</sup>/ Equity before IAS 41<sup>(2)</sup> and ROIC = Adjusted EBIT<sup>(3)</sup>/ Invested Capital before IAS 41<sup>(2)</sup>



(1) Adjusted EBITDA – CAPEX – Net Interest – Taxes

(3) Adjusted EBITDA – CAPEX – Taxes

(5) Fibria's actual net realized pulp price – average last 3 years @3Q17

(2) International accounting standards for biological assets.

(4) FX for H2 cash cost and sustaining capex

(6) Considers the cost structure presented on slide 27 and 4Q17 balance sheet (invested capital and equity)

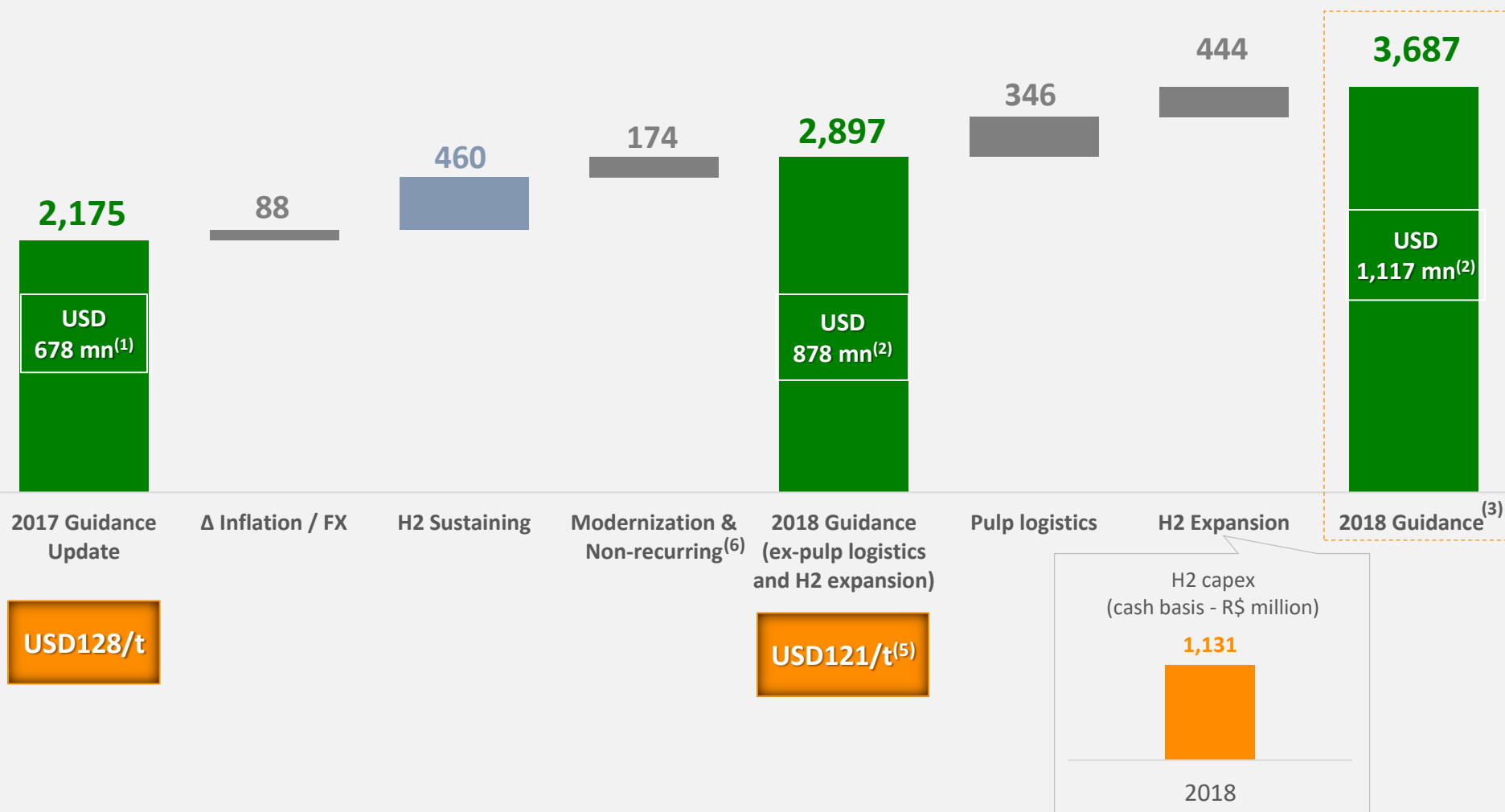


- Horizonte 2: capacity increase, cash cost lower than expected, efficient ramp-up with high energy surplus
- Deleveraging and interest expense/ton reduction
- Pulp price: up to 2021 without any significant capacity – we have not seen such positive scenario since late 1990s and early 2000s
- Wood cost: despite pressures, wood cost reduction moves towards structural level
- FX upside risk more than downside risk
- Sustainability: listed in the Dow Jones Sustainability EM Index and B3 Corporate Sustainability Index (ISE)



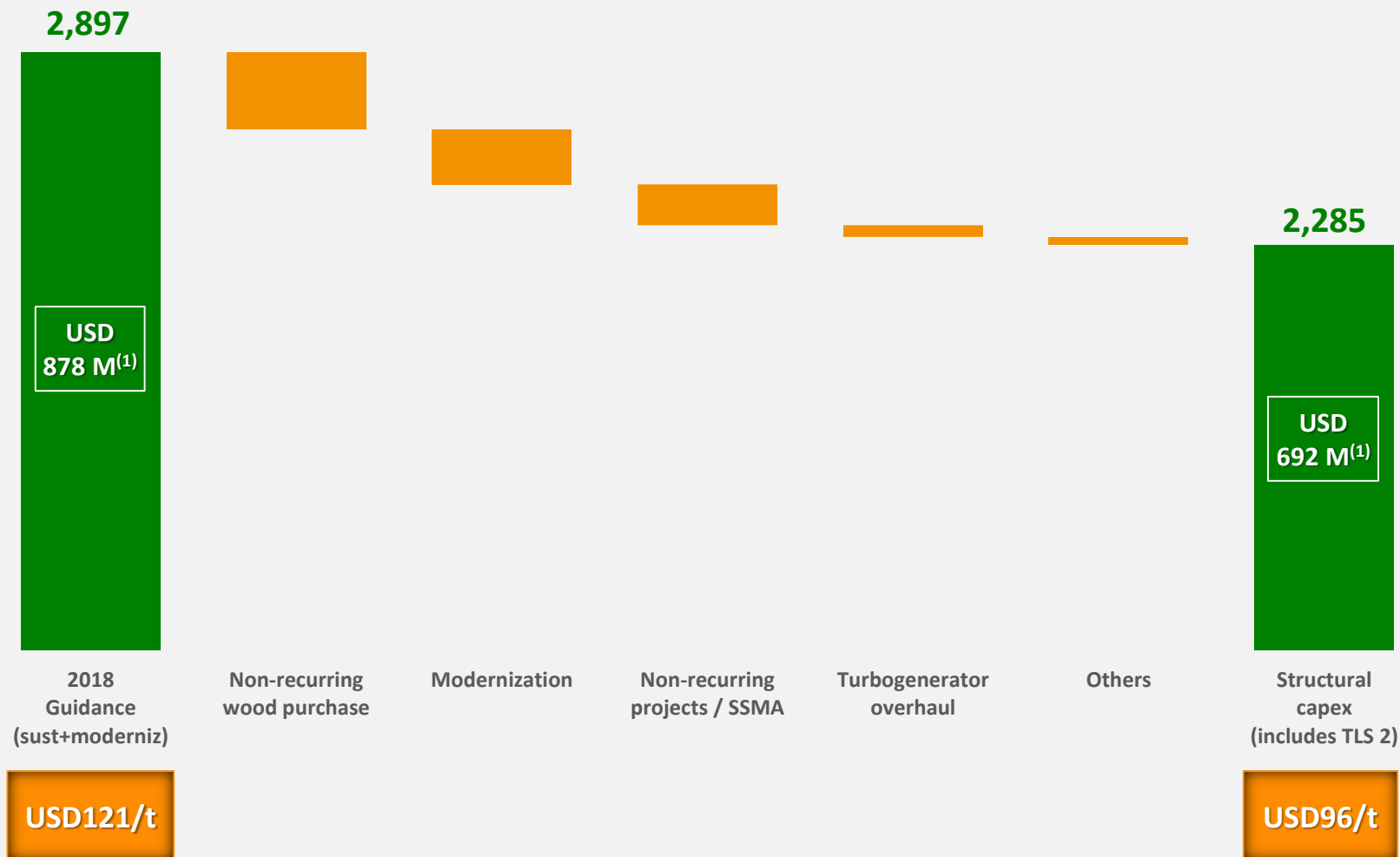
## 2018 OUTLOOK – CAPEX AND CASH COST

# Fibria CAPEX 2018 – BRL million



(1) Converted at 3Q17 LTM FX – BRL/USD 3.21 | (2) Converted at 2018 average FX - BRL/USD 3.30, according to Focus Report (Brazilian Central Bank – November 24, 2017)  
 (3) Subject to Board approval | (4) IPCA estimate @4.5% and FX @3.15 | (5) Capacity 7,250 kt. | (6) Forestry base adjustment, environmental, other projects (PIFF, Pentatrem, TG's overhauls, etc.).

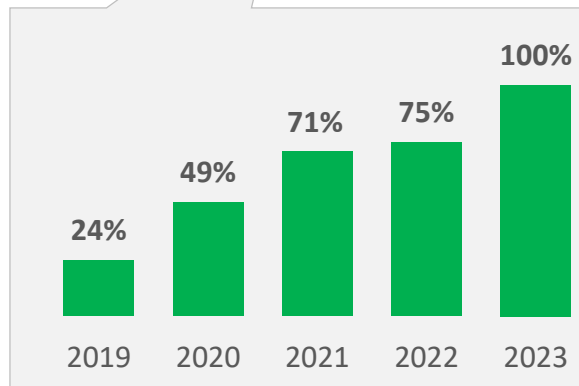
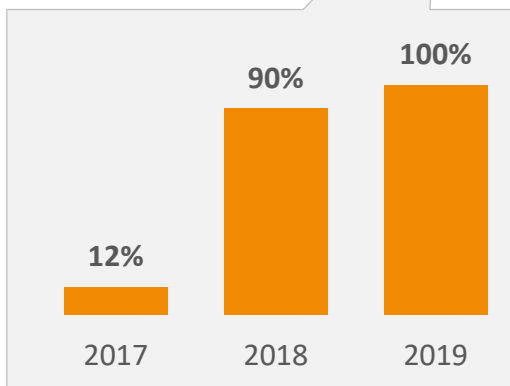
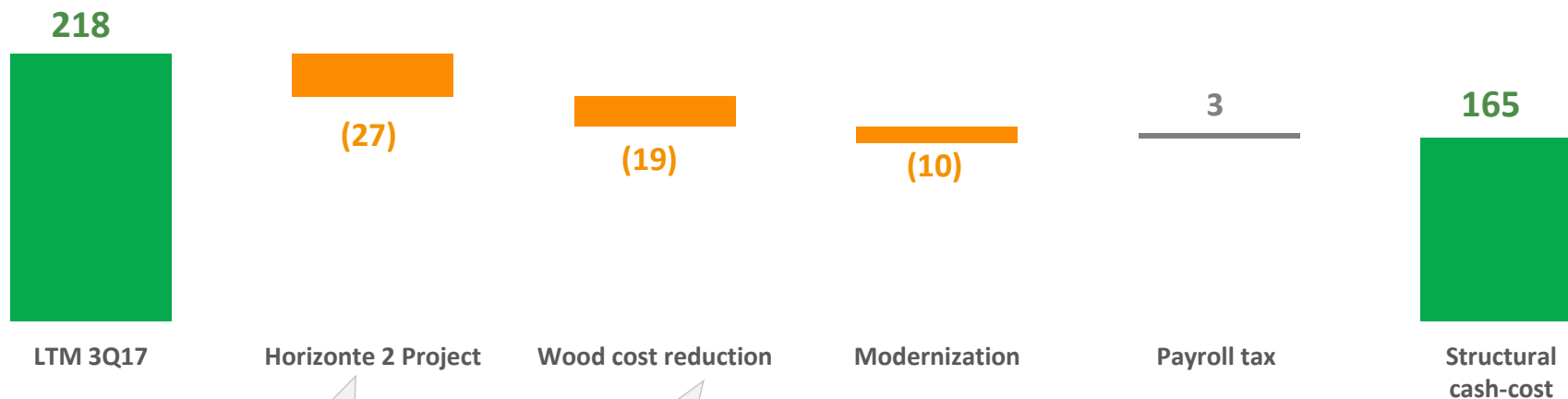
# Structural CAPEX – BRL million



(1) Converted at 2018 average FX - BRL/USD 3.30 - According to Focus Report (Brazilian Central Bank – November 24, 2017) | (2) Subject to Board approval

# Cash Cost (USD/t)

BRL/USD 3.12



## FX Sensitivity

FX	Cash cost (US\$/t)
3.00	171
3.10	166
3.12	165
3.30	157
3.50	150



Expansion Project – Horizonte 2

## Competitiveness

- Wider fixed costs dilution
- Cost curve position improvement
- Greater bargaining power with suppliers

## Commercial positioning

- Follow the growth of strategic customers
- Developing new customers
- Distribution to new geographic markets
- Efficiency and competitiveness gains in logistics
- Higher quality in customer service

## Long-term growth potential

- Greater ability to capture new expansion market windows
- Strong M&A position

## Site Overview

**Start-up brought forward:  
about 2 months ahead of  
schedule**



**Expansion Capex  
of US\$2,193  
million  
(US\$1,124/t)**

**Inside the fence<sup>(1)</sup>  
Capex of  
US\$ 947/t**

**Energy Surplus  
130 MWh**

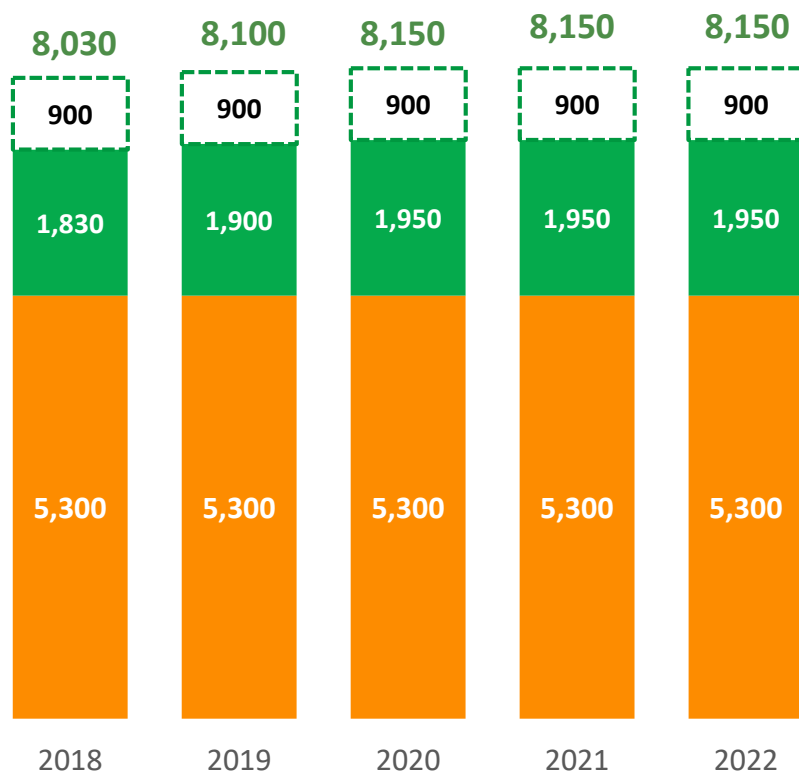
**Cash production  
cost  
US\$116/t  
(@R\$/US\$3.38)**



# NOMINAL CAPACITY AND SALES BY REGION

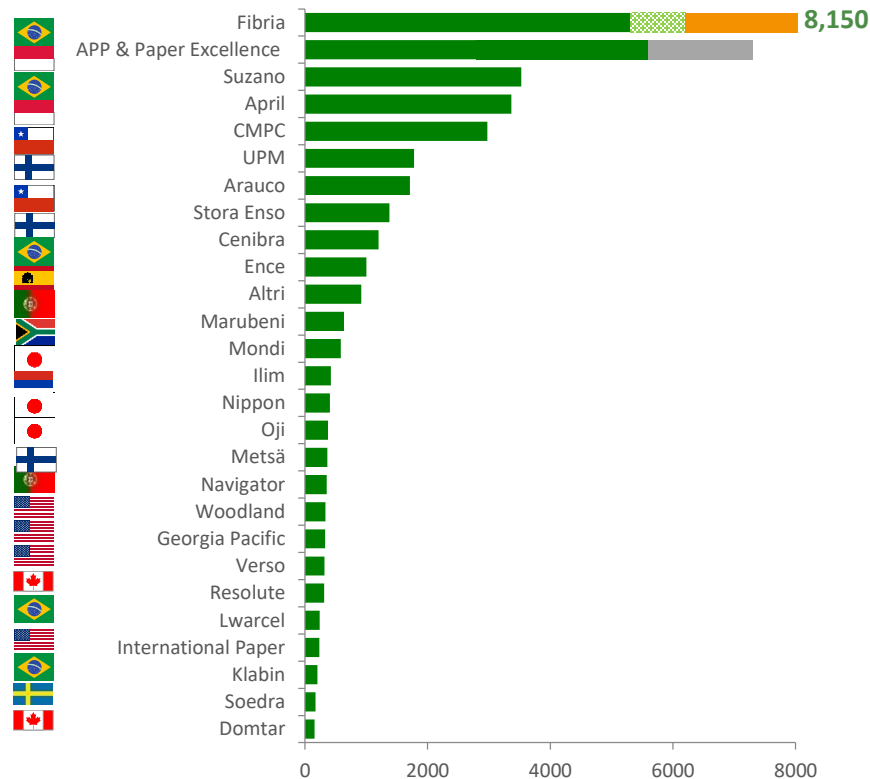
*Leadership position with 8.2 million t/y and global distribution*

## Nominal Capacity ('000 t)



900 Klabin's Puma Project ('000 t)<sup>(1)</sup>  
1,830 Horizonte 2 ('000 t)<sup>1</sup>  
5,300 Current Production ('000 t)

## ESTIMATED MARKET BHKP CAPACITY RANKING 2017 (000T)

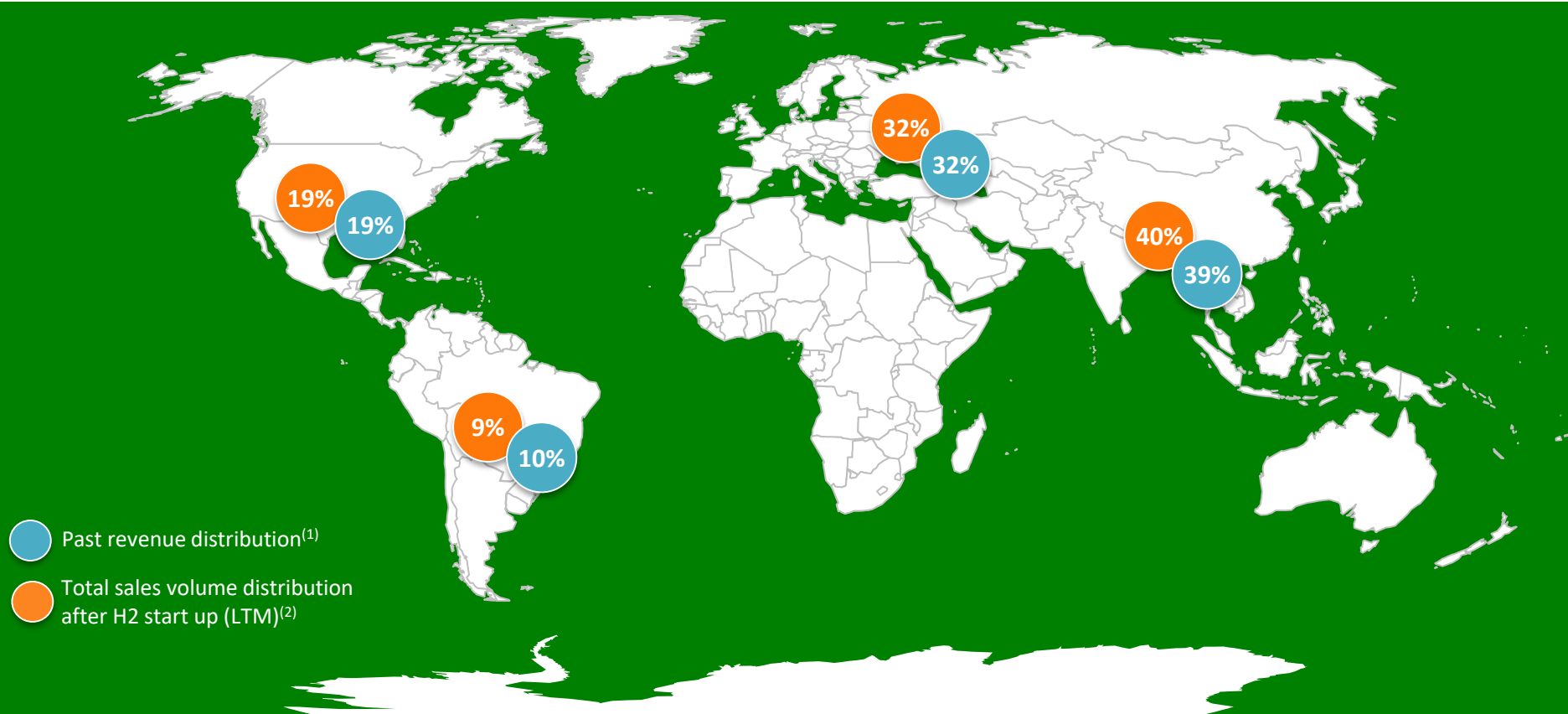


Current Capacity  
 New Capacity  
 New Capacity – Klabin Agreement  
 New Capacity – Horizonte II Project

Source: Poyry and Fibria (Nov 2017)

(1) The volumes in 2018 will depend on the learning curve of the plants. The agreement with Klabin may be renewed by mutual consent.

# Pulp sales destination: Fibria growing where the market grows

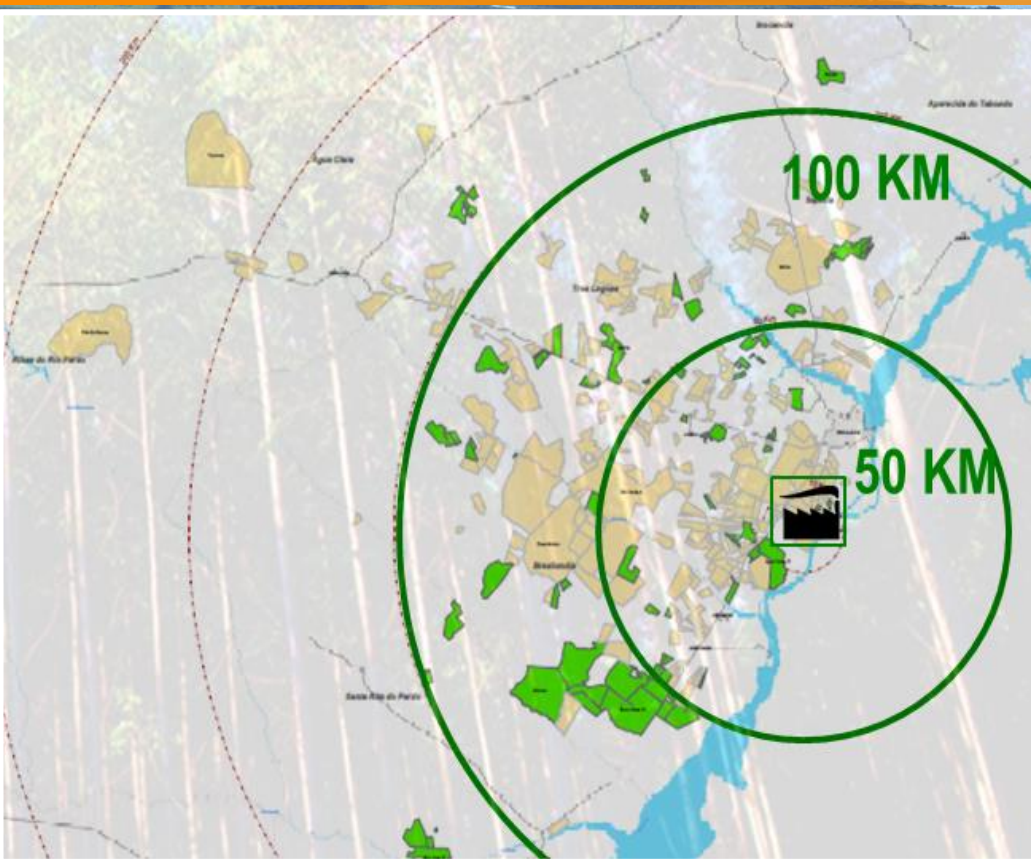


- Past revenue distribution<sup>(1)</sup>
- Total sales volume distribution after H2 start up (LTM)<sup>(2)</sup>

(1) Considers LTM 1Q18 | (2) Includes Klabin's sales volume

# Horizonte 2 Forestry Base

*Forestry base secured as planned*



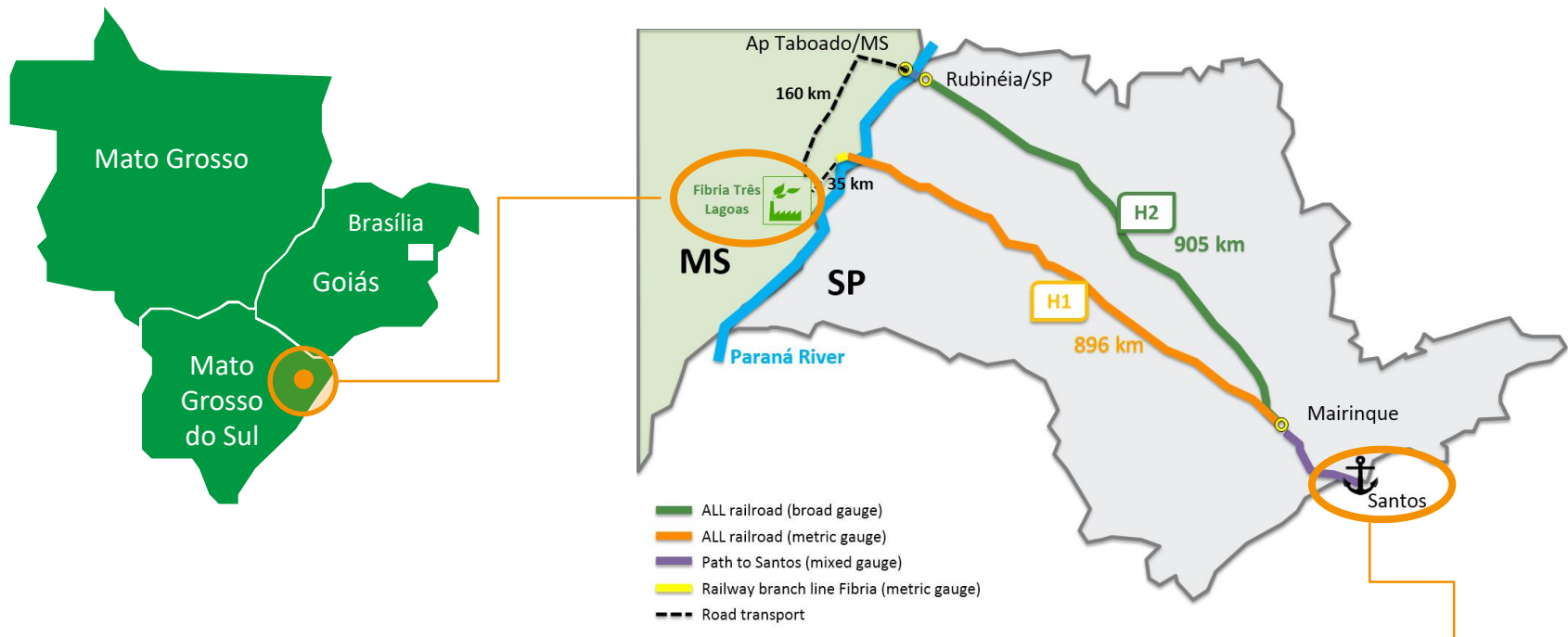
TOTAL TRÊS LAGOAS UNIT FOREST BASE:  
**308,000 ha**

HORIZONTE 1 FOREST BASE:  
**121,000 ha**

HORIZONTE 2 FOREST BASE:  
**187,000 ha**

ALREADY PLANTED (97%):  
**181,867 ha**

Average distance from forest to mill H1 + H2  up to 100 km

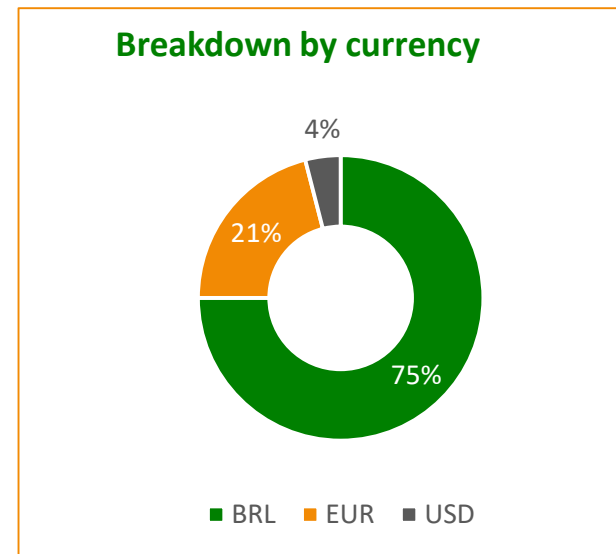
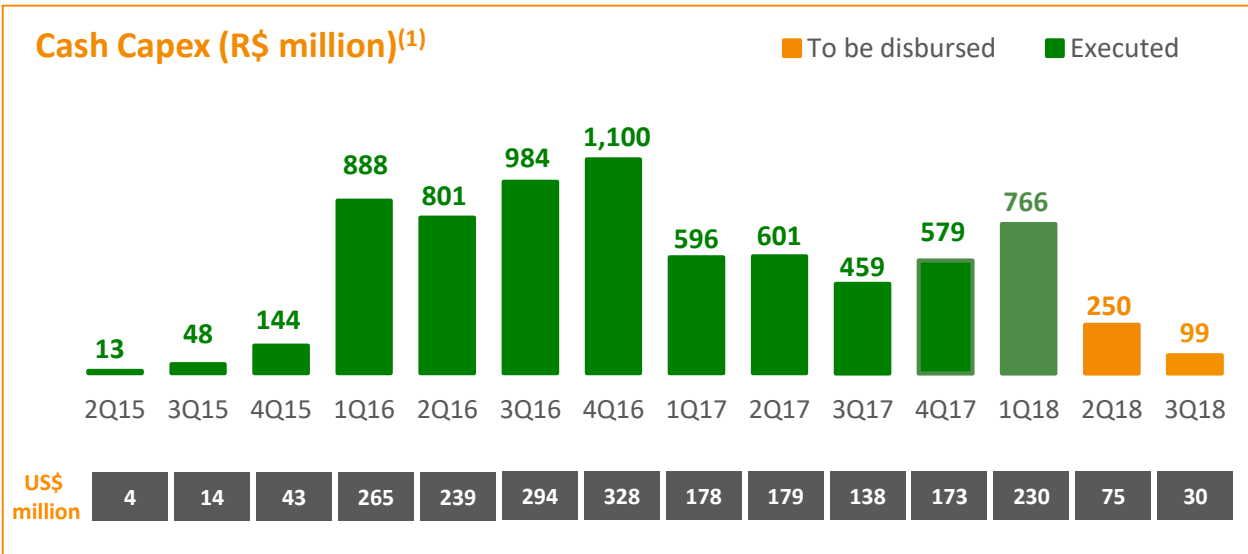
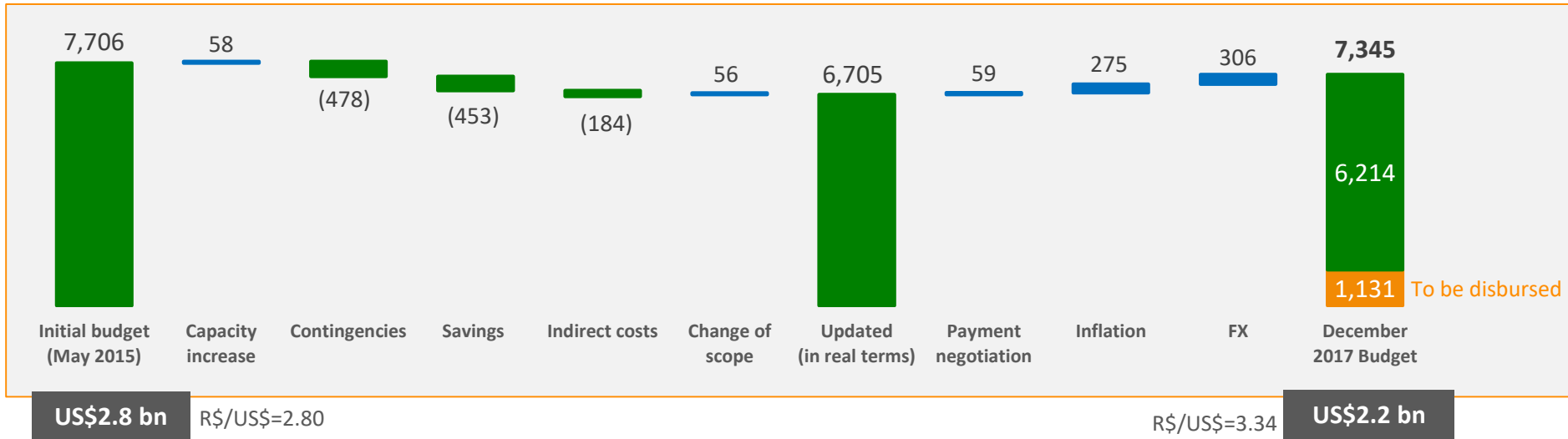


- ✓ Railway export corridor with high reliability and capacity
- ✓ Less transit time from mill to the Port of Santos
- ✓ Higher productivity per train
- ✓ With T32, Fibria becomes the pulp player with the highest storage capacity in Port of Santos



# HORIZONTE 2 CAPEX

## Disbursement flexibility and reduction from 2015



(1) As of Mar. 2018. R\$/US\$ @ 3.32.

# Horizonte 2 project assumptions

	Unit	R\$	US\$	Avg – previous projects <sup>(7)</sup>
Expansion capex <sup>(1)</sup>	\$ billion	7.3	2.2	2.9
Expansion capex <sup>(1)</sup>	\$/t	3,767	1,124	↑
Inside the fence capex	\$/t	3,172	947	↑
Sustaining capex <sup>(2)</sup>	\$/t	253	75	↑
Cash production cost <sup>(3)</sup>	\$/t	393	116	↑
All in cash cost (estimated) <sup>(4)(6)</sup>	\$/t	-	321	↑
Pulp price <sup>(5)</sup>	\$/t	-	541	-
Free cash flow (estimated) <sup>(6)</sup>	\$/t	-	220	↓
Payback period (estimated)	years	-	5.1	↑

(1) Includes chemical leasing (R\$/US\$ @ 3.35). Previous peers projects multiplied by 1,950,000 tons to make the information comparable.

(2) Estimated sustaining capex in after mill balance (R\$/US\$ @ 3.38).

(3) Estimated weighted average cost, after mill balance. Includes energy sales (R\$/US\$ @ 3.38). Figures are in real terms (considering inflation up to 2018).

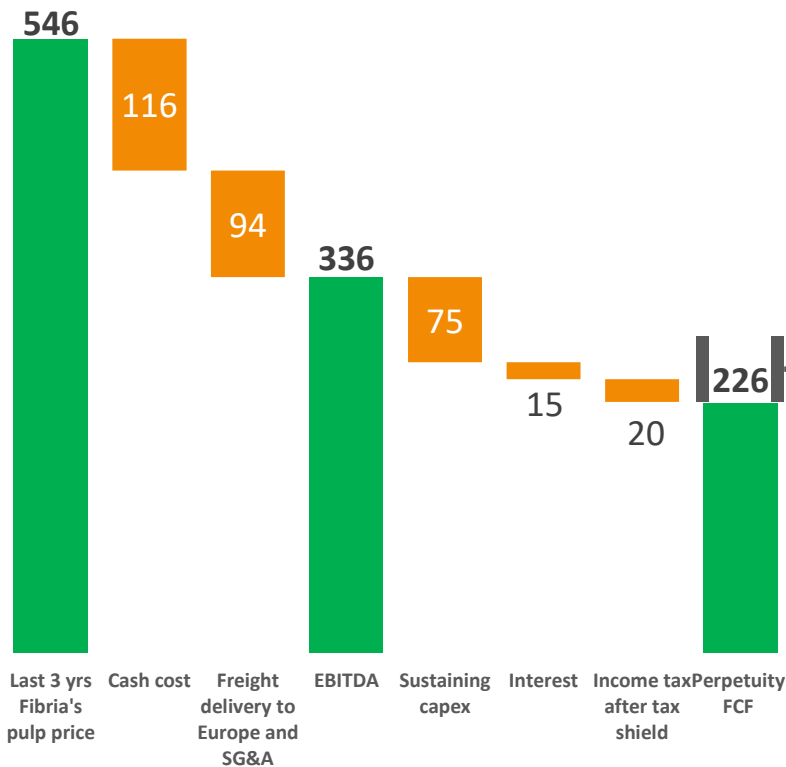
(4) Cash cost + freight + SG&A + Sustaining Capex + Interest + taxes (R\$/US\$ @ 3.38) | Assuming working capital = 0.

(5) Actual Fibria's net realized pulp price – average last 3 years.

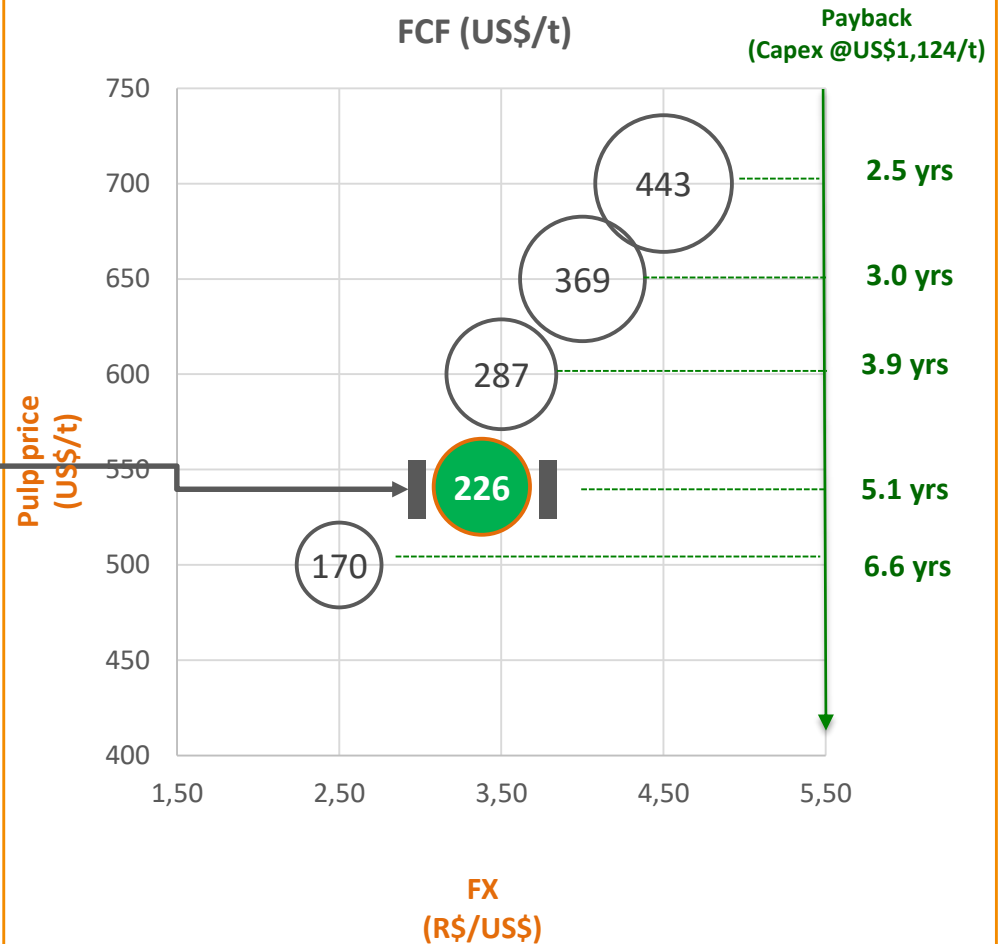
(6) Note: All in cash cost and free cash flow figures assumes working capital = 0, delivered to Europe and is based on the estimations already presented in Fibria's previous public materials.

(7) According to RISI, considering the average of the BHKP projects since 2009 in Latam – the average excludes H2 figures.

## FCF/t from net pulp price (US\$/t)<sup>(1)</sup>



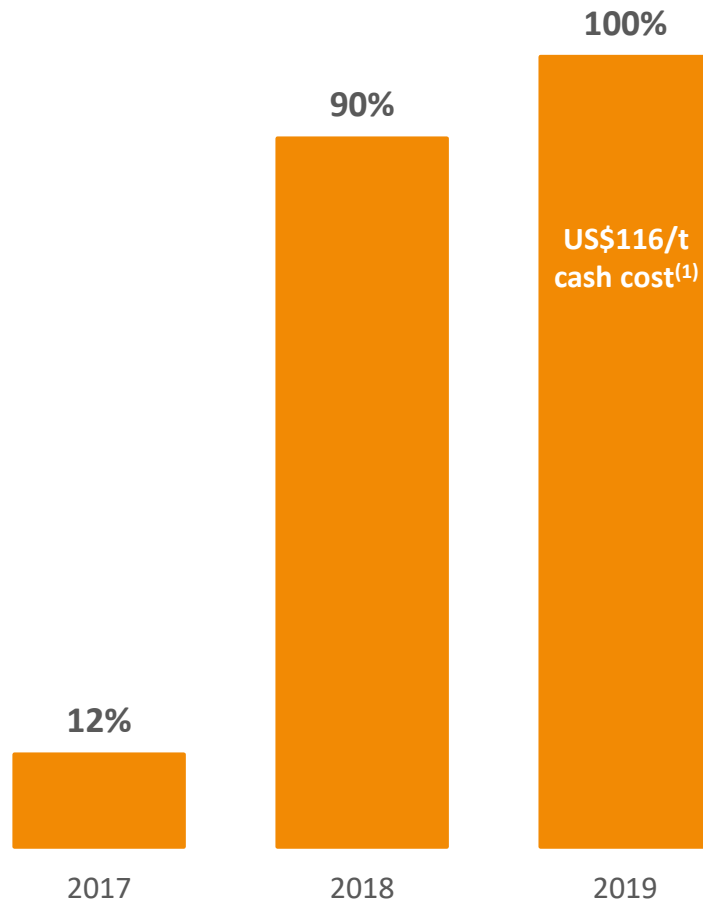
## FCF/t<sup>(2)</sup> sensibility to net pulp price and FX



(1) FX @ 3.38 and assuming working capital = 0.

(2) Size of the bubble = FCF/t in US\$

## Accumulated benefit per year (US\$/t)



## Why so low?

### Wood competitiveness (distance forest-mill):

- Current Fibria: 328 km | Structural Fibria: ~166 km
- H1+H2: up to 100 km

### Energy surplus:

- Current Fibria: ~70 MW | Structural Fibria: 200 MW
- H2: 130 MW

### Synergies with Line 1 – fixed cost dilution

### Automated nursery

### High technology and scale

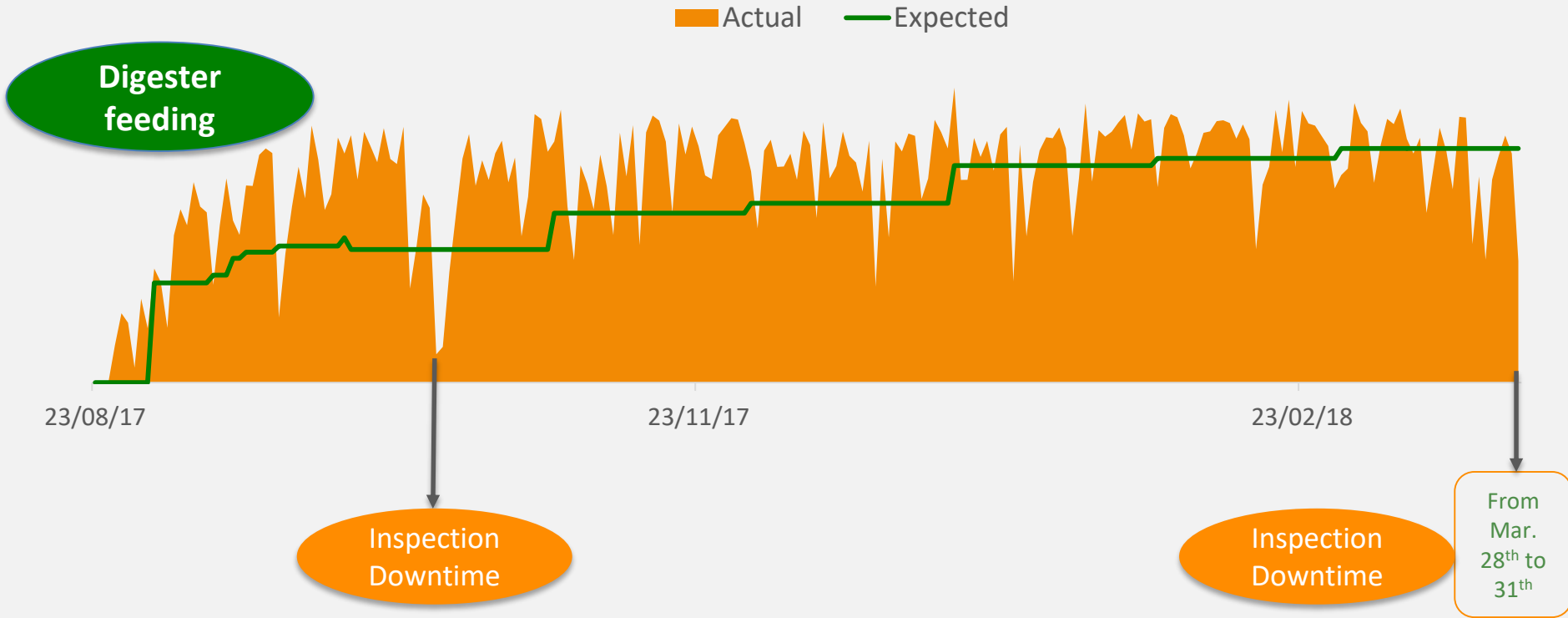




- Economies of scale
- Synergies with current operations
- Wood availability and low distance from forest to mill
- Fibria's total energy surplus to be increased by 130 MWh
- Cash cost competitiveness
- Meet customers' demand growth
- Attractive returns even in adverse scenarios of pulp price and BRL
- Solid financial profile

# A winning strategy

*So far, better than expected*



(status: March 28, 2018)

**Actual**

1,008 k tons



**+19%**

**Expected**

845 k tons

**Learning curve:**

100% on may 21<sup>st</sup>

5.5 k/t day



## Transportation

### Maritime Wood Shipping Project

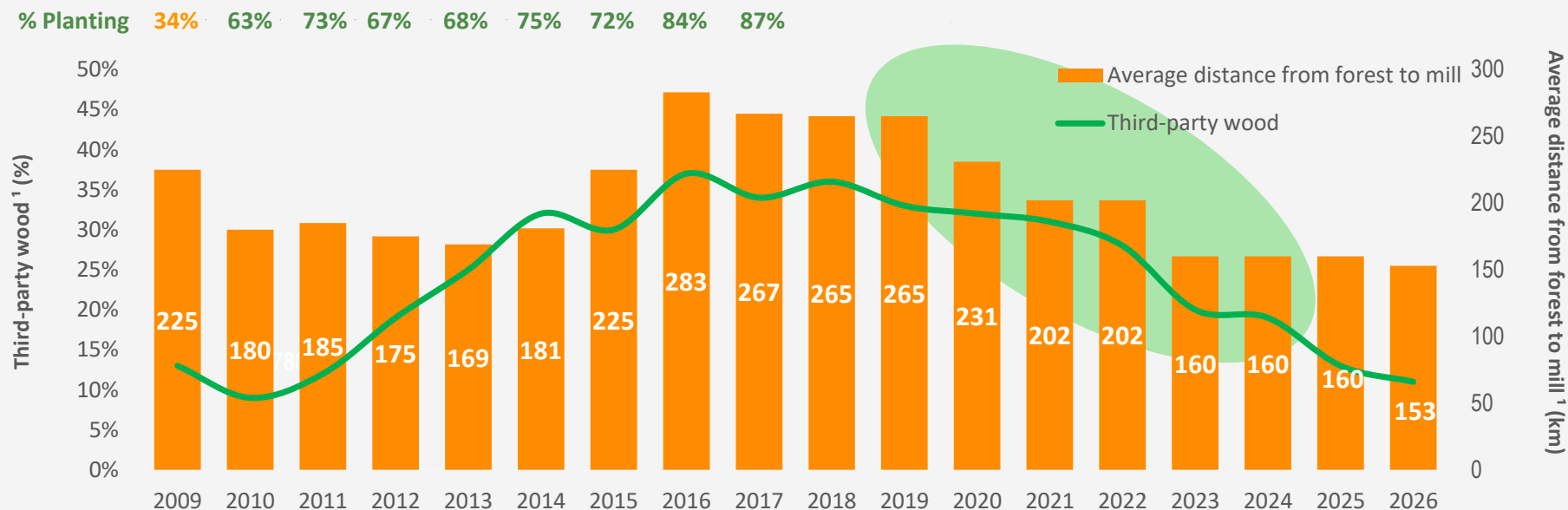


#### PROJECT DESCRIPTION (ARACRUZ UNIT)

- ▶ Capex and Opex reduction;
- ▶ Increase in cargo handling due to increase in stack height volume
- ▶ Reduction in heavy truck road traffic
- ▶ Capex: R\$ 54 million (accomplished in 2016)
- ▶ Start-up: Sep/2017
- ▶ **Saving OPEX: R\$ 24 million/year**

# Third-party wood reduction

*Non-recurring pressure decreasing towards the structural level*



**In 2016 climate change materialized in the most severe rain shortage in Aracruz forestry base in the last 40 years, but in 2017...**

- Rain volumes in Aracruz region improved, more close to historical average
- Higher productivity was obtained in Jacareí and Três Lagoas forestry bases
- Forest productivity long term goal (MAICel) achieved 11.75 adt/ha/year for the new eucalyptus clones effectively planted in 2017

**Total NPV <sup>(2)</sup>:**  
**R\$ 3.5 billion (US\$ 1.1 billion)**

(1) Includes Veracel | (2) FX @ BRL/USD3.30.

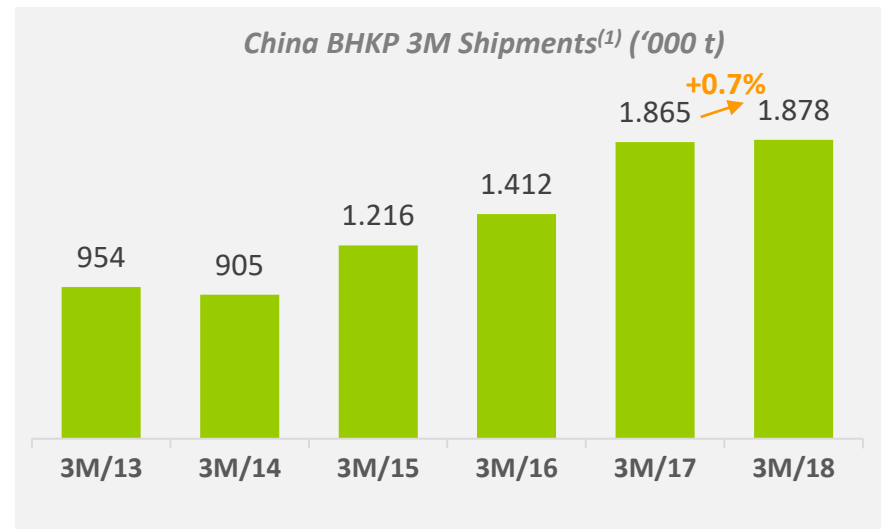
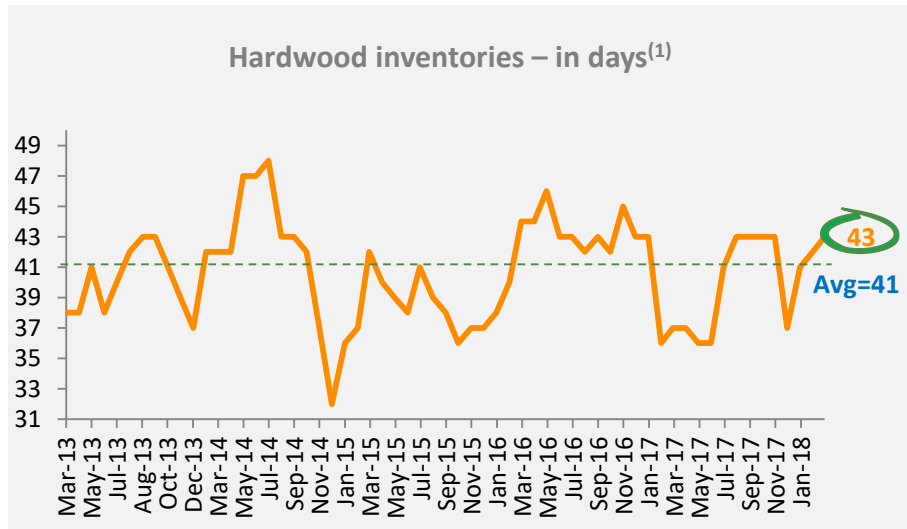
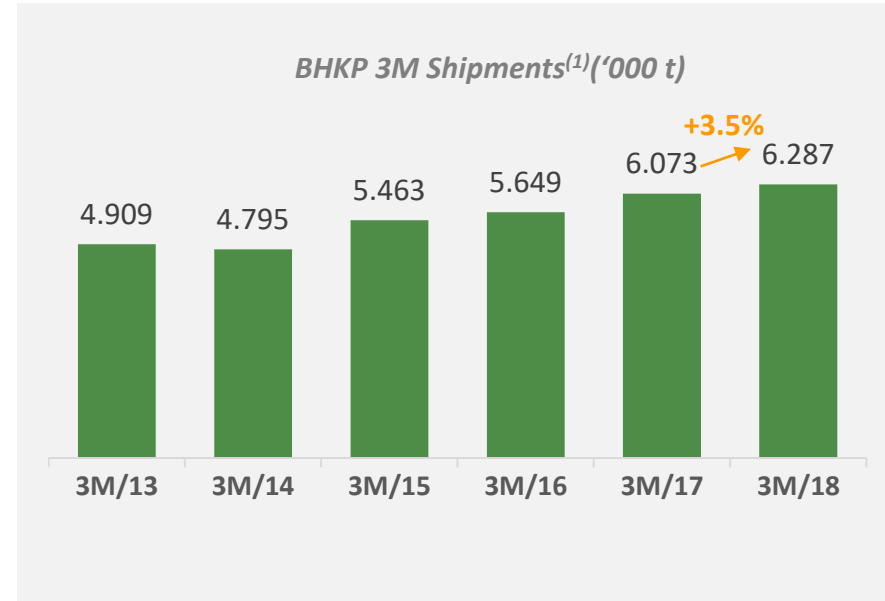
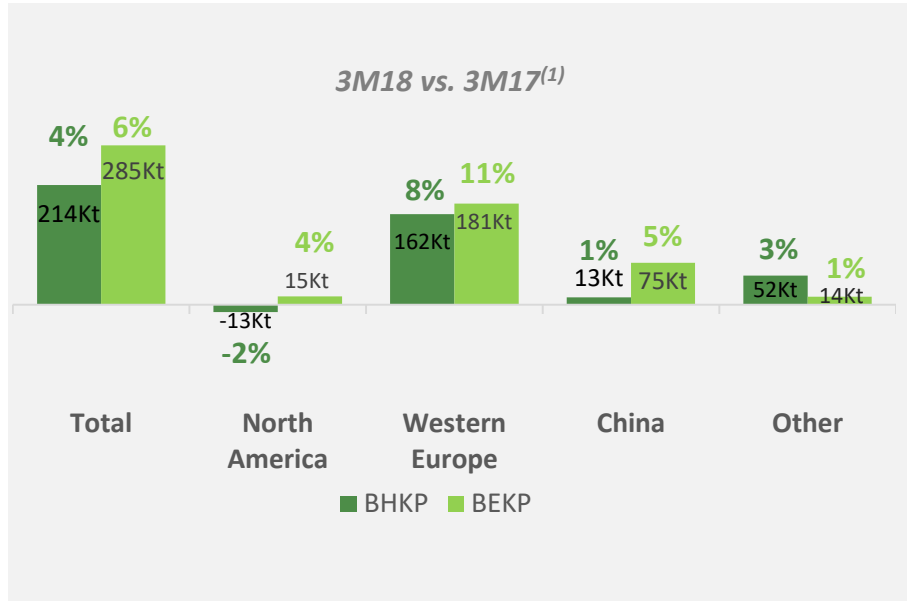
	2016				2017				2018				2019			
	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19
<b>Mills - capacity</b>																
Aracruz A - 590 kt					No maintenance downtime											
Aracruz B - 830 kt					No maintenance downtime											
Aracruz C - 920 kt																
Jacareí - 1.100 kt	No maintenance downtime															
Três Lagoas L1 - 1.300 kt					No maintenance downtime											
Três Lagoas L2 - 1.950 kt																
Veracel - 560 <sup>(1)</sup> kt									No maintenance downtime							

12 months
  15 months

(1) Veracel is a joint operation between Fibria (50%) and StoraEnso (50%) and the total capacity is 1,120 thousand ton/year

- ▶ Regulatory Standard 13 (Boiler and Pressure Vessel Inspection) extended the maximum period between recovery boiler inspections from 12 to 15 months.
- ▶ Fibria was the first company to use the extended period benefit
- ▶ NPV: R\$385 million

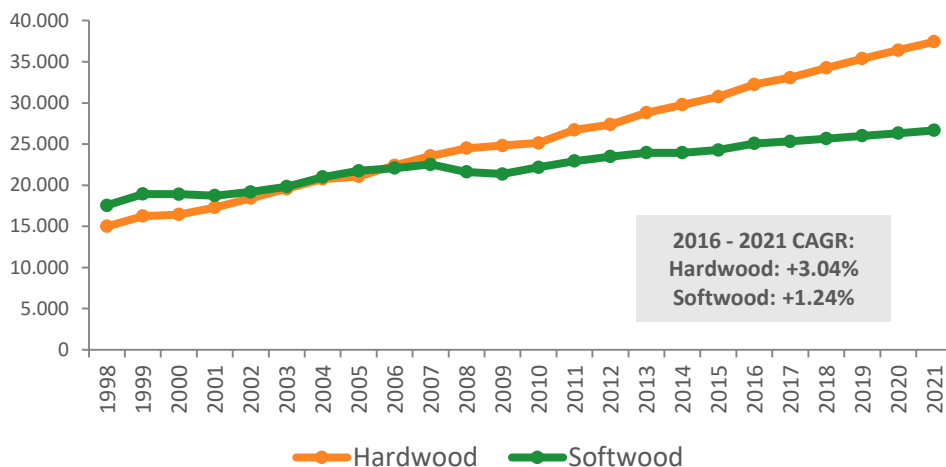
## Shipments of Hardwood and Eucalyptus Pulp



<sup>(1)</sup> Source: PPC W20 – Mar/2018

## Hardwood demand will continue to increase at a faster pace than Softwood

### Hardwood (BHKP) vs. Softwood (BSKP) (000 ton)



Source: PPPC report (May 2017)

### Demand growth rate

000 ton	2000	2010	2020	Growth 2000-2010	Growth 2010-2020
Hardwood	16.2	25.1	35.6	55%	42%
<i>Eucalyptus</i>	6.6	15.9	25.2	140%	58%
Softwood	18.9	22.2	25.8	17%	16%
Market Pulp	35.1	47.3	61.4	35%	30%

Source: PPPC reports. Excludes Sulphite and UKP market pulp (Nov./16)

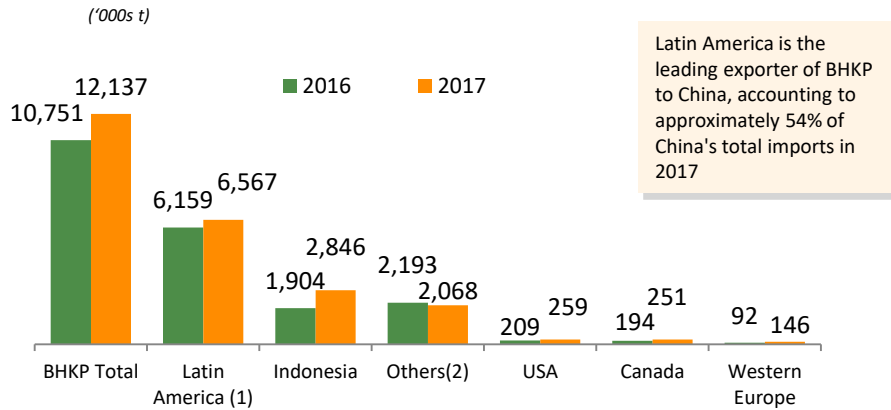
### Paper Production – Runnability with BHKP

#### Part of the Adjustment Will Be More Substitution of BHK for BSK

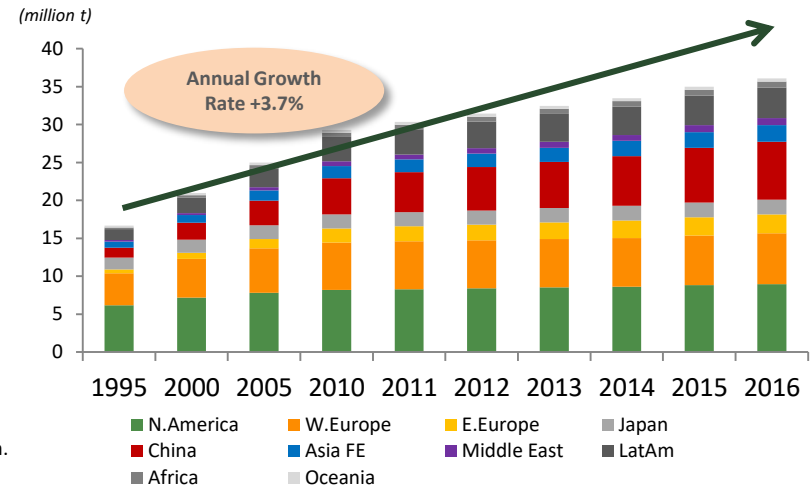
- Advances in paper machine design are improving machine runnability, meaning that less long-fiber pulp is needed to make a number of key grades of paper. The process of bringing on new paper machines and retiring old machines continues to put downward pressure on BSK demand.



## China's Hardwood Imports of BHKP by Country<sup>(1)</sup>

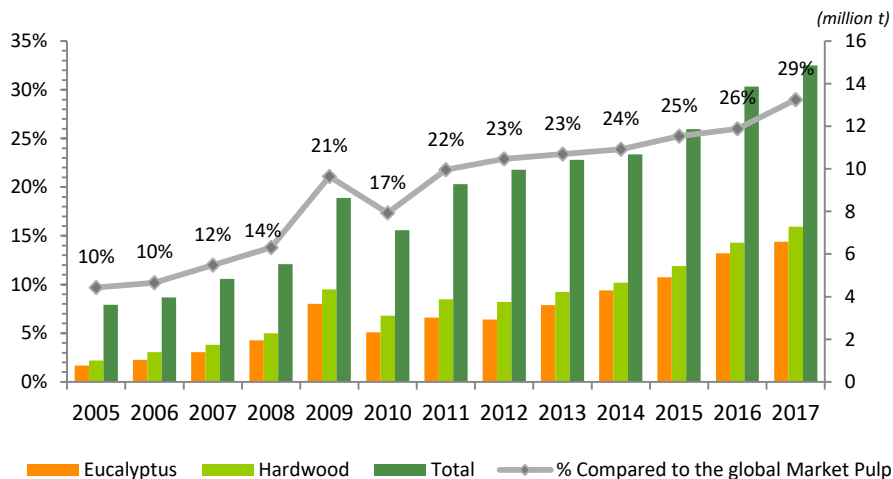


## World Tissue Consumption, 1995-2016<sup>(3)</sup>

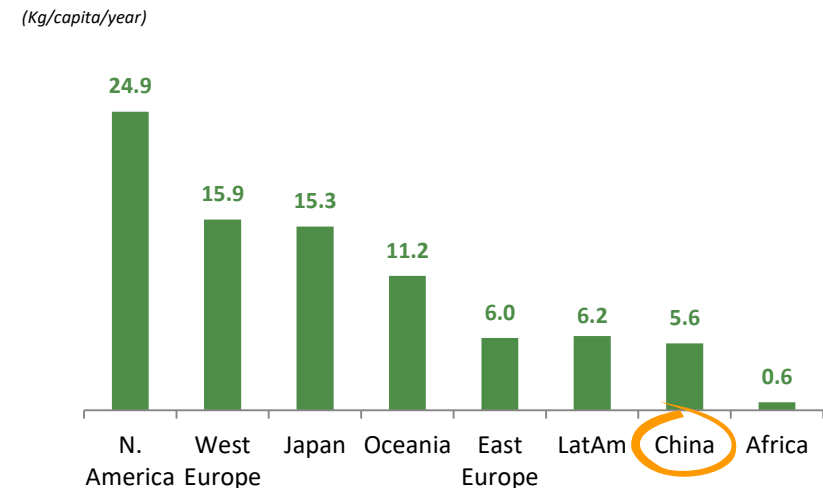


(1) includes South Africa and New Zealand. | (2) Includes China, Japan, Malaysia, Russia, Thailand and Vietnam.

## China's Share of Market Pulp<sup>(2)</sup>



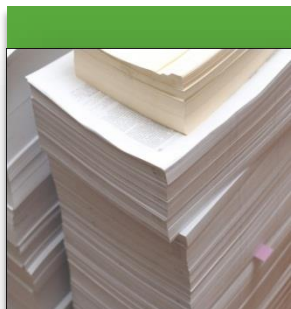
## Per Capita Consumption of Tissue by World Region<sup>(3)</sup>



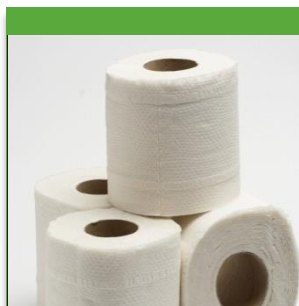
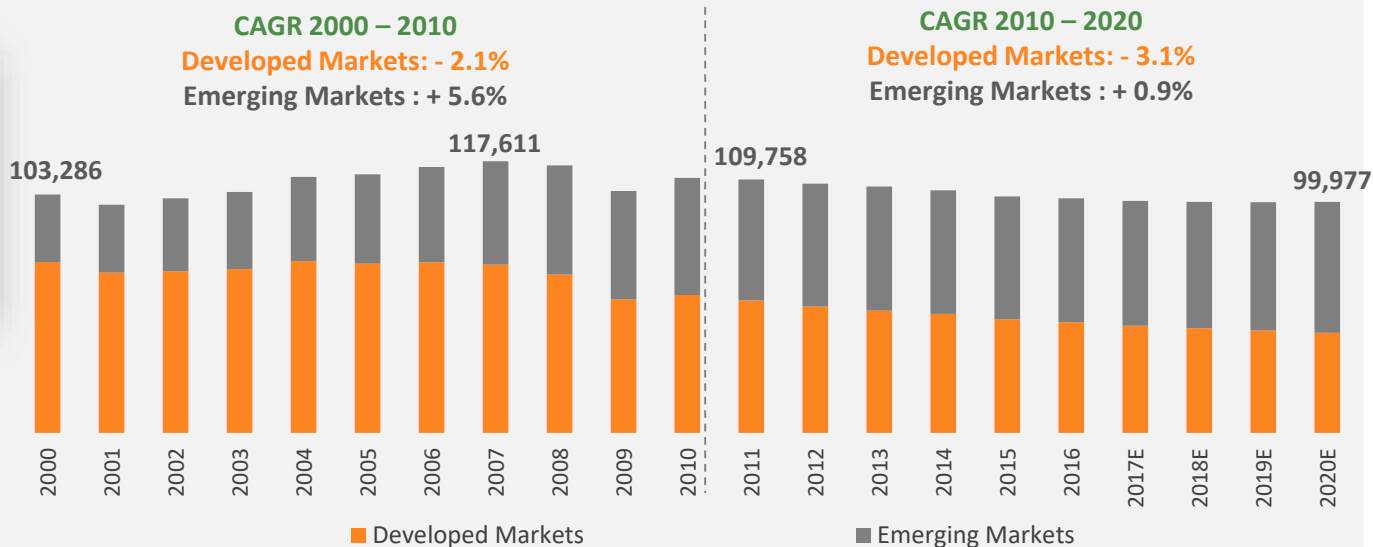
(1) PPPC – Pulp China – Flash Report – Dec/2017

(2) PPPC – W20. Coverage for chemical market pulp is 80% of world capacity

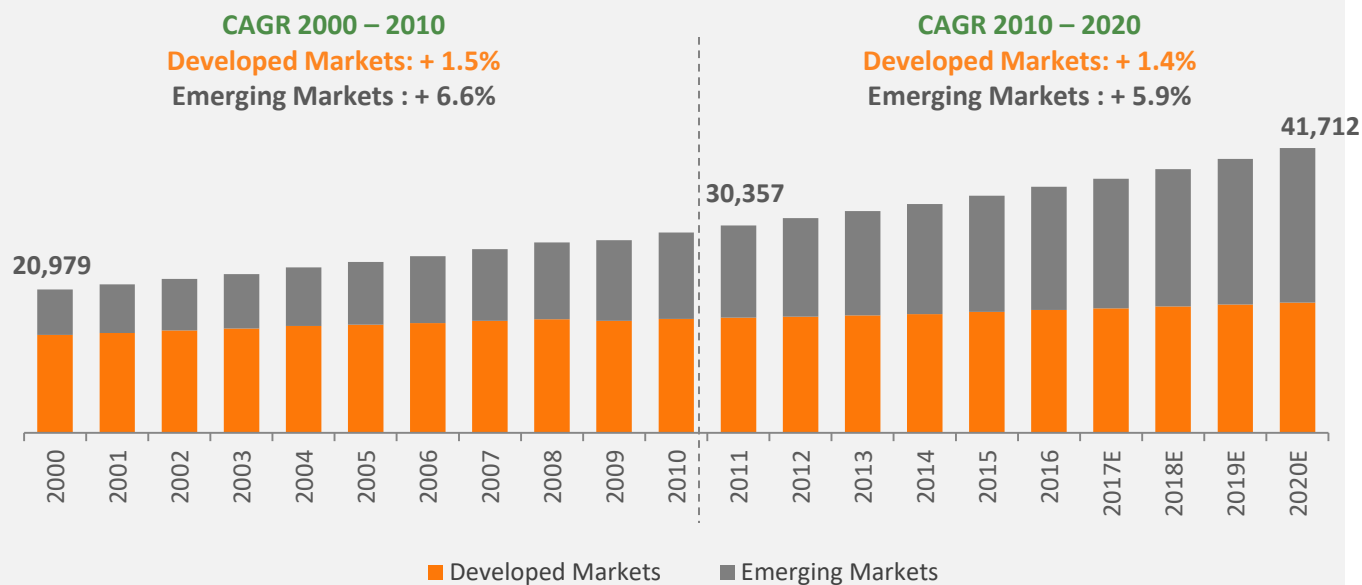
(3) RISI



**P&W  
Consumption  
(000 tons)<sup>(1)</sup>**



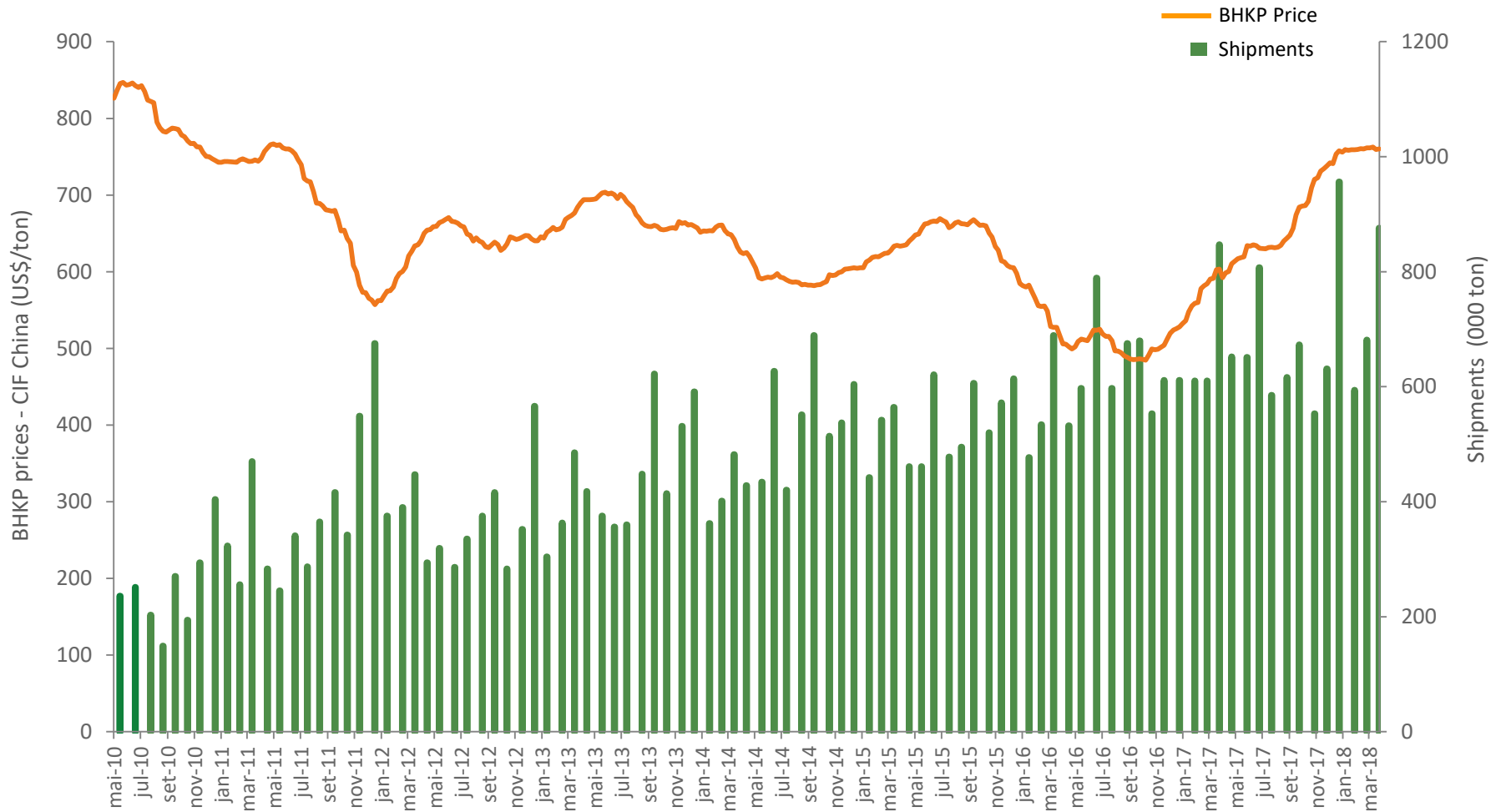
**Tissue  
Consumption  
(000 tons)<sup>(1)</sup>**



Source: PPPC Global 100 March 2018

## China: Eucalyptus pulp shipments

(\*000s t)



**2010**  
Average:  
250 ktons

**2011**  
Average  
379 ktons

**2012**  
Average  
370 ktons

**2013**  
Average  
439 ktons

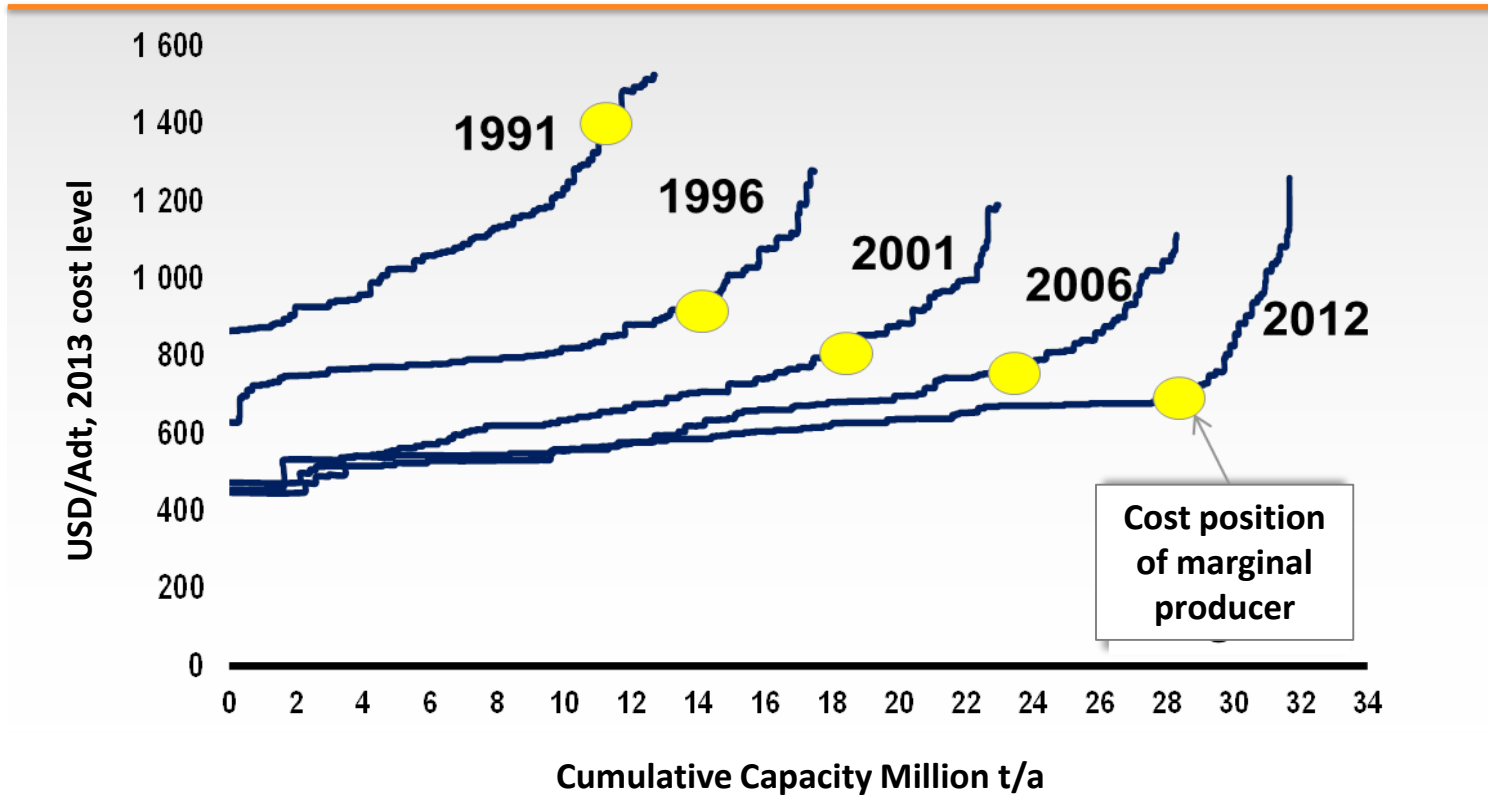
**2014**  
Average  
504 ktons

**2015**  
Average  
531 ktons

**2016**  
Average  
612 ktons

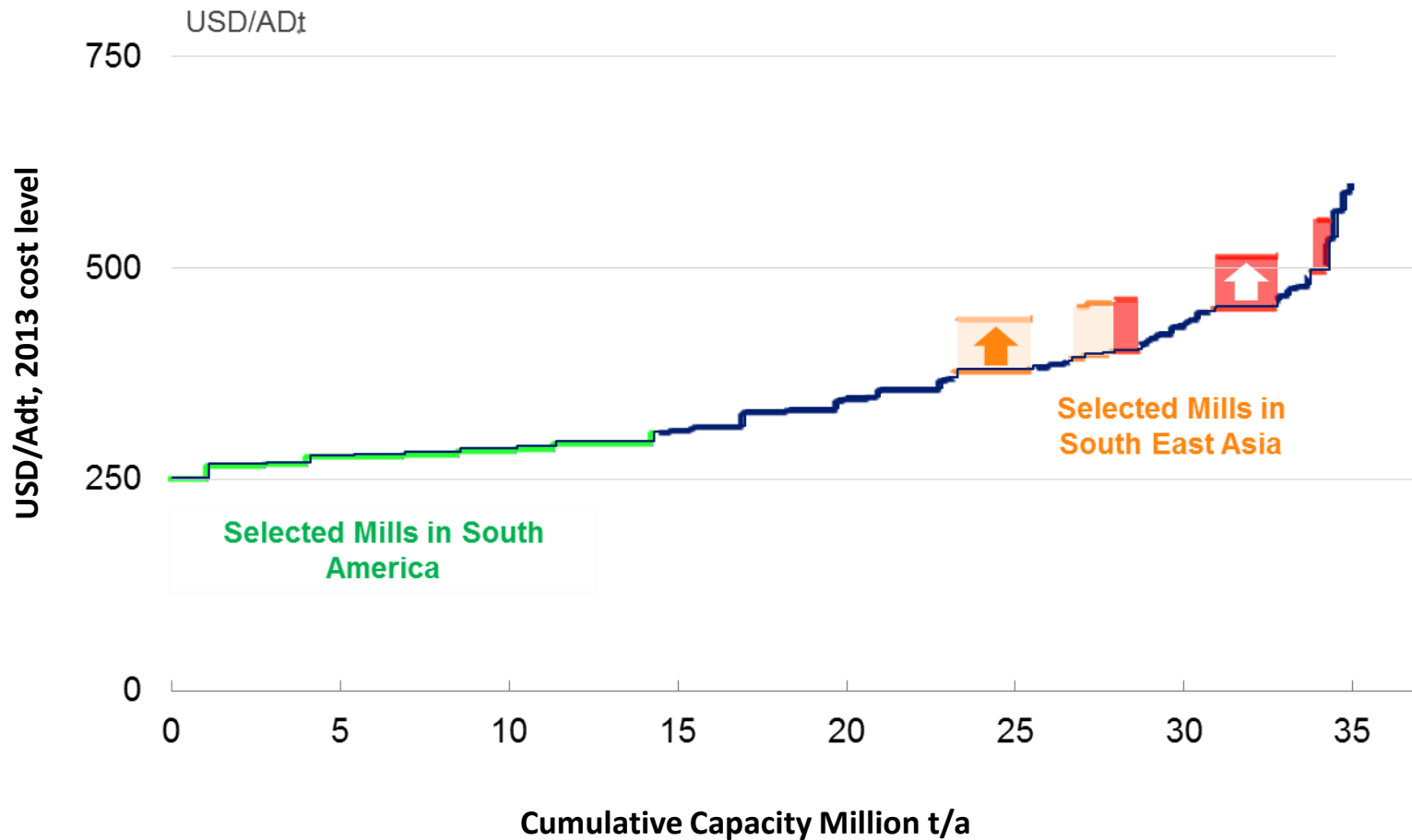
**2017**  
Average  
683 ktons

## COST CURVE EVOLUTION



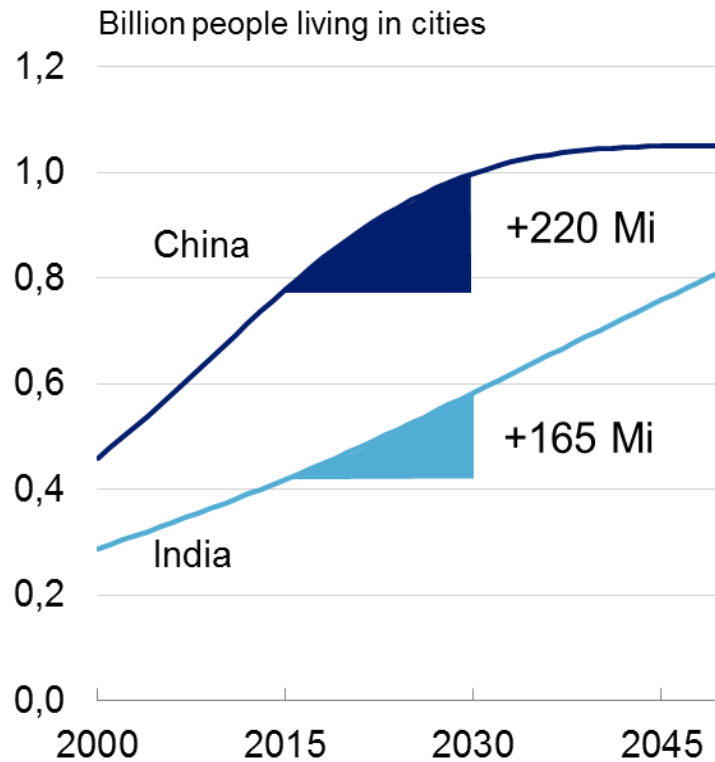
# Tightening plantation wood and chip supply could add to the cash cost of Asian pulp mills

## BHKP Market Pulp Cash Costs to Shanghai – 2Q 2016

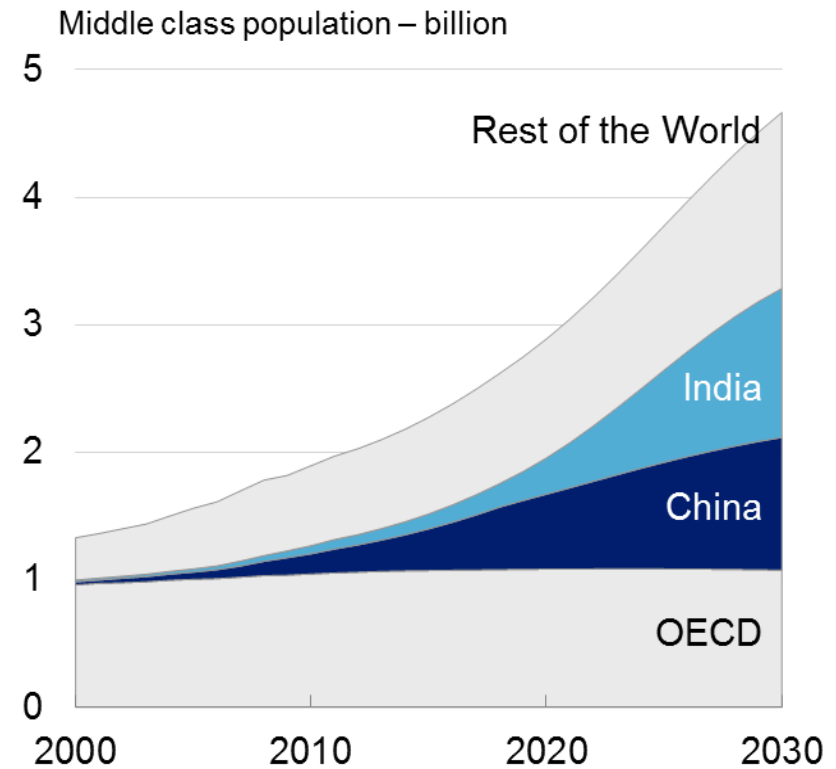


# Growth in Asia is empowered by urbanization and increasing disposable income

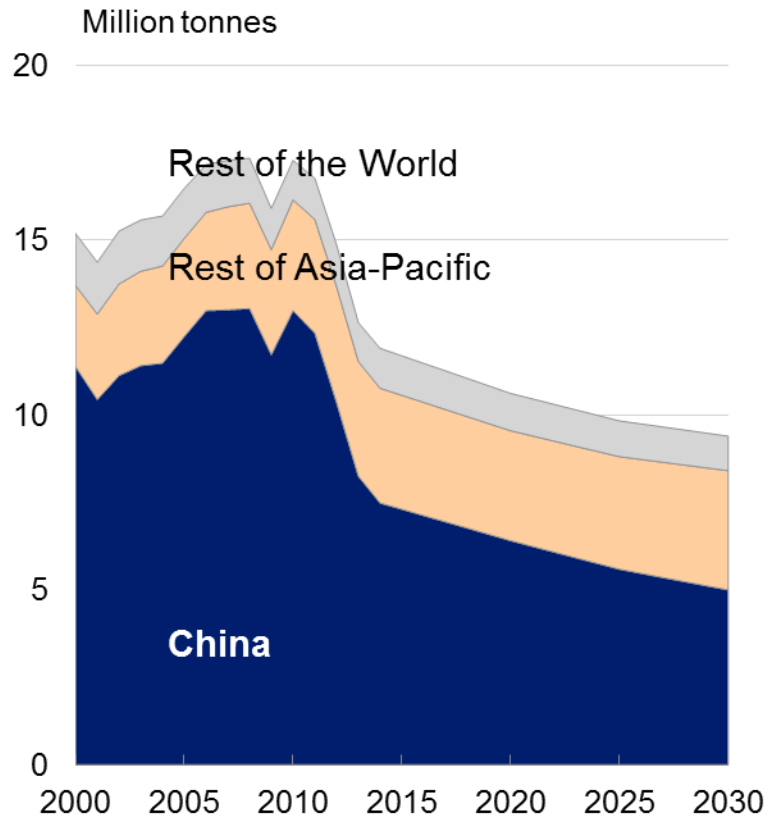
## Urban Population in China and India



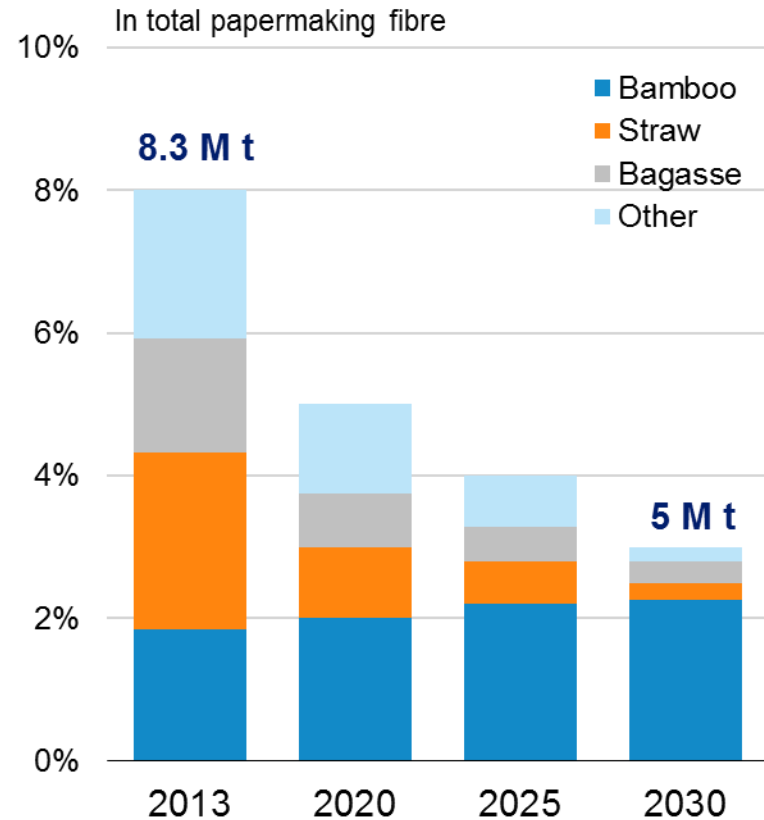
## Global Middle Class



## Consumption of Non-Wood Pulp by Region

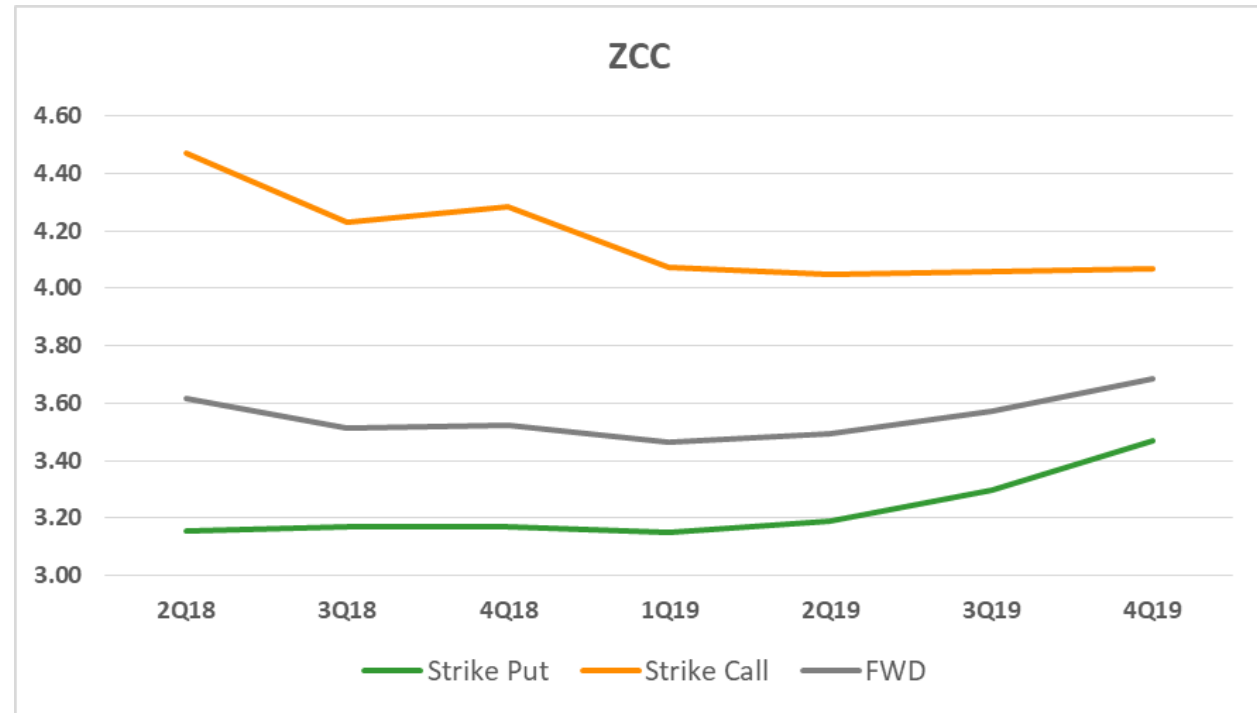


## Share of Non-Wood Pulp in China



## Zero Cost Collars:

- No leverage
- No margin call
- No threshold
- CETIP registered



	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	Total
<b>Notional</b>	US\$ 265 MM	US\$ 685 MM	US\$ 710 MM	US\$ 490 MM	US\$ 225 MM	US\$ 80 MM	US\$ 15 MM	<b>US\$ 2,470 MM</b>
<b>Strike Put</b>	3.16	3.17	3.17	3.15	3.19	3.30	3.47	<b>3.17</b>
<b>Strike Call</b>	4.47	4.23	4.28	4.07	4.05	4.06	4.07	<b>4.22</b>
<b>FWD</b>	3.62	3.51	3.52	3.46	3.49	3.57	3.69	<b>3.52</b>



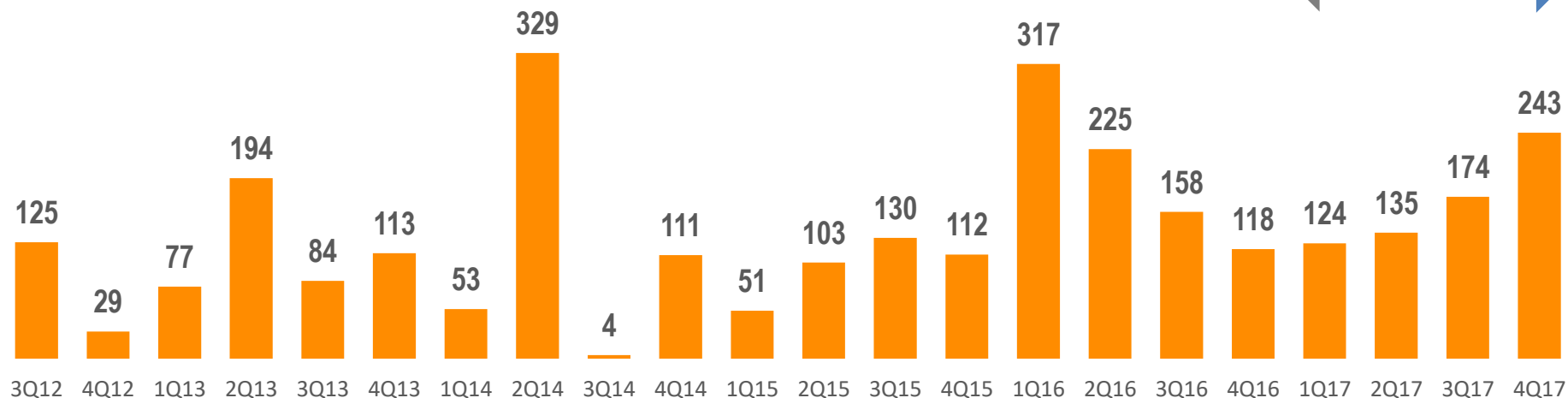
# Free cash flow<sup>(1)</sup>

Positive quarterly FCF in the last 5 years, even during appreciated FX

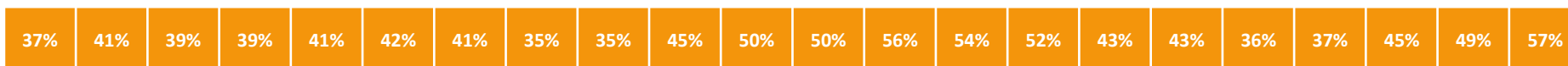


FCF (USD million)

Nominal Capacity ('000 t)



EBITDA Margin



Average FX



Average Net Price



(1) Excluding H2 Project, dividends, pulp logistics and land purchase effects.

	Description and Amount <sup>1</sup>	Maturity
<b>(a) EBT</b>	<b>As stated in the income statement</b>	
<b>(-) (b) Goodwill (Aracruz acquisition)</b>	- Annual tax deduction: US\$ 27 million ( <i>tax</i> ) - Remaining Balance Mar/18: US\$ 74 million (base)	Feb/2019
<b>(-) (c) Forestry Capex in MS state (net)</b>	2018 tax deduction related to depletion: US\$ 9.6 million	Undefined
<b>(+/-) (d) Exchange variation (cash)</b>	-----	-----
<b>(+/-) (e) Other</b>	-----	-----
<b>Tax base before compensations</b>	<b>(a) + (b) + (c) + (d) + (e)</b>	
<b>(f) (-) Tax loss carryforward</b>	- Up to 30% of tax base before compensations - Balance up to Mar/18: US\$ 238 million (base)	Undefined
<b>(g) Tax base</b>	Tax base before compensations – tax loss carryforward (f)	-----
<b>(h) Income tax</b>	Tax base (g) * 34%	-----
<b>(i) (-) Federal tax credits</b>	<u>Balance Mar/2018:</u> - PIS/COFINS: US\$ 199 million - Withholding tax (IR and CSLL): US\$ 375 million - Reintegra: US\$ 67 million	Undefined
<b>Cash Tax</b>	<b>Income Tax (h) – tax credits (i)</b>	



## TAX PAYMENT<sup>2</sup> (cash basis)

2010	2011	2012	2013	2014	2015	2016	2017	2018
US\$ 9 million	US\$ 2 million	US\$ 8 million	US\$ 14 million	US\$ 12 million	US\$ 23 million	US\$ 36 million	US\$ 12 million	US\$ 3 million