



Earnings Conference Call – 2Q18

July 25, 2018

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Operational Results

- **2Q18:**
Record Net Revenue: R\$4,722 mn | Record EBITDA: R\$2,499 mn | Record EBITDA margin⁽¹⁾: 58% | Record FCF⁽²⁾: R\$1,685 mn | Cash cost ex-downtime and ex-strike: R\$598/t.
- **LTM:**
Record Net Revenue: R\$15,306 mn | Record EBITDA: R\$7,561 mn | Record EBITDA margin⁽¹⁾: 56% | FCF⁽²⁾: R\$2,969 mn | Cash cost ex-downtime and ex-strike: R\$594/t.

Pulp Market

- Sales volume of 1,768 thousand tons, mainly to Asia.
- Average net price to export market of US\$751/t, increase of 4%.
- Around 630 thousand tons of supply reduction, of which 345 thousand tons unscheduled.

Indebtedness

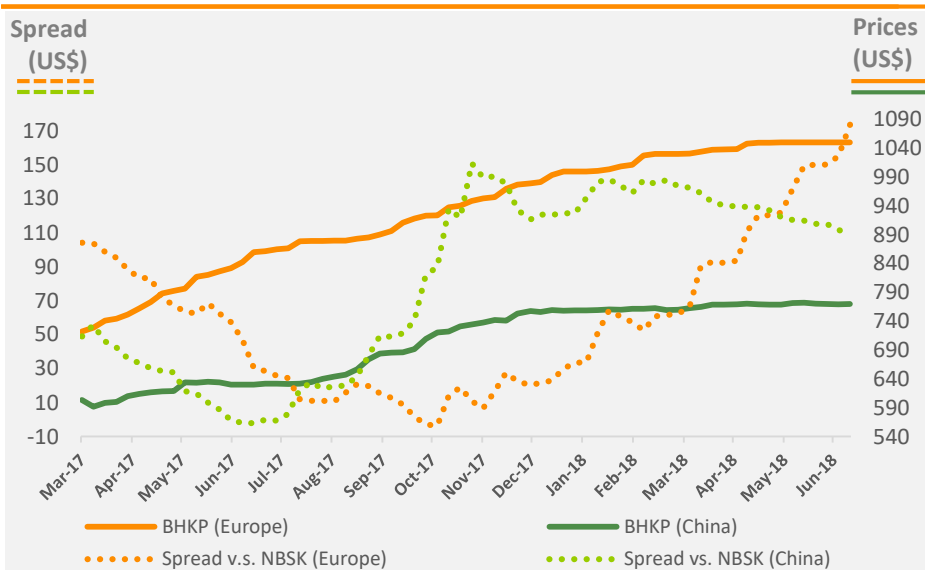
- Cash on hand⁽³⁾ of R\$7.5 billion (US\$2.0 billion).
- Leverage reduction to 1.58x in US\$ (1.83x in R\$).
- Interest coverage (LTM EBITDA/LTM net interest) at 9.3x.

Horizonte 2

- Production of 398 thousand tons and 87 MWh of surplus energy.
- US\$63 million of CAPEX to be disbursed and US\$94 million in funding to be withdrawn.
- Learning curve successfully concluded in May (9 months).

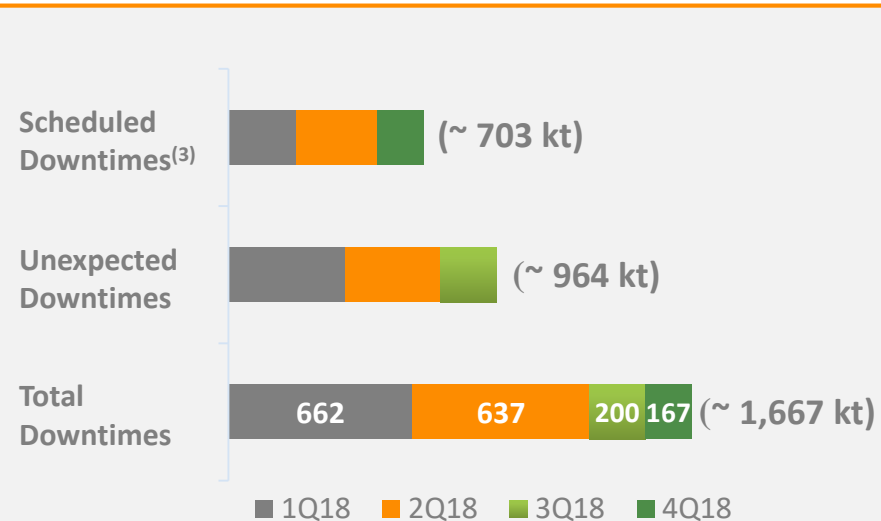
Pulp Market

Prices⁽¹⁾ and Spread BHKP vs. NBSK (USD/t) – Europe and China



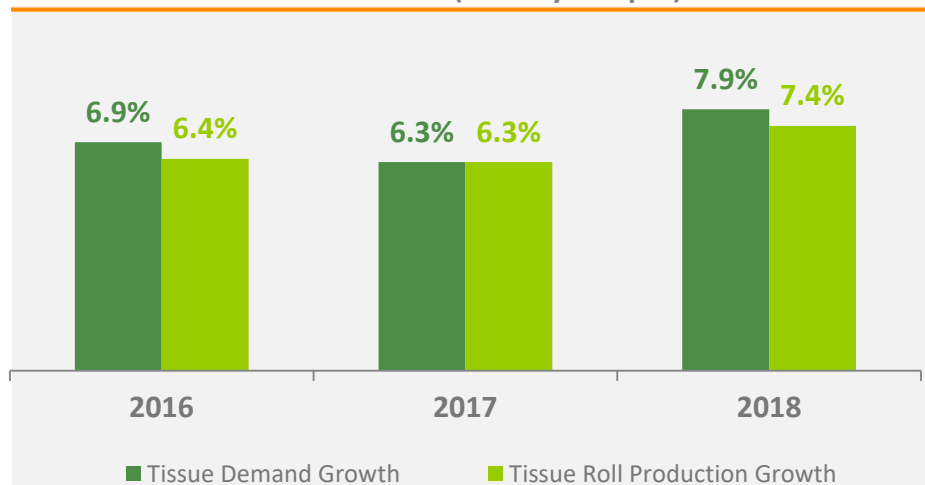
⁽¹⁾ Source: FOEX

Announced BHKP downtimes - Global⁽²⁾
(Market Pulp + Integrated)



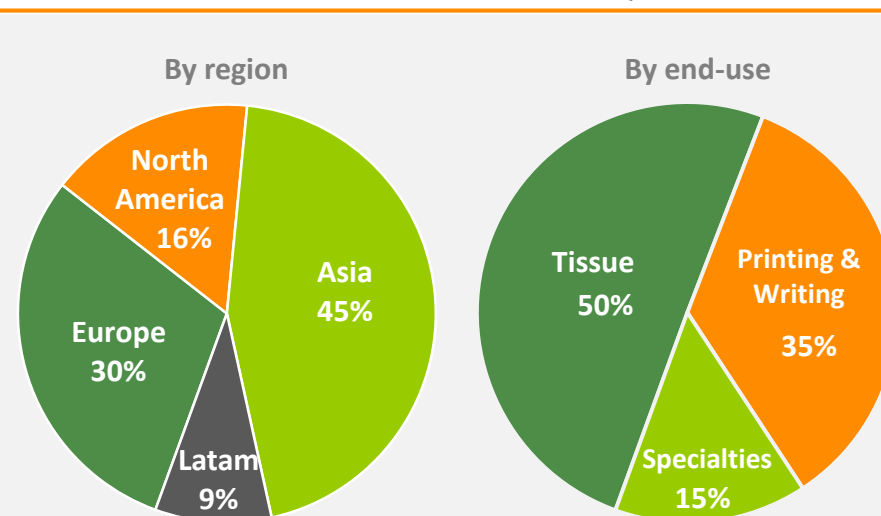
⁽²⁾ Source: ABTCP, PPI, Fibria and public data released by Companies. Announced up to June/2018⁽³⁾.

Tissue in China (January to April)⁽⁴⁾



⁽⁴⁾ Source: PPPC Global Tissue Report

Net revenues distribution – 2Q18⁽⁵⁾

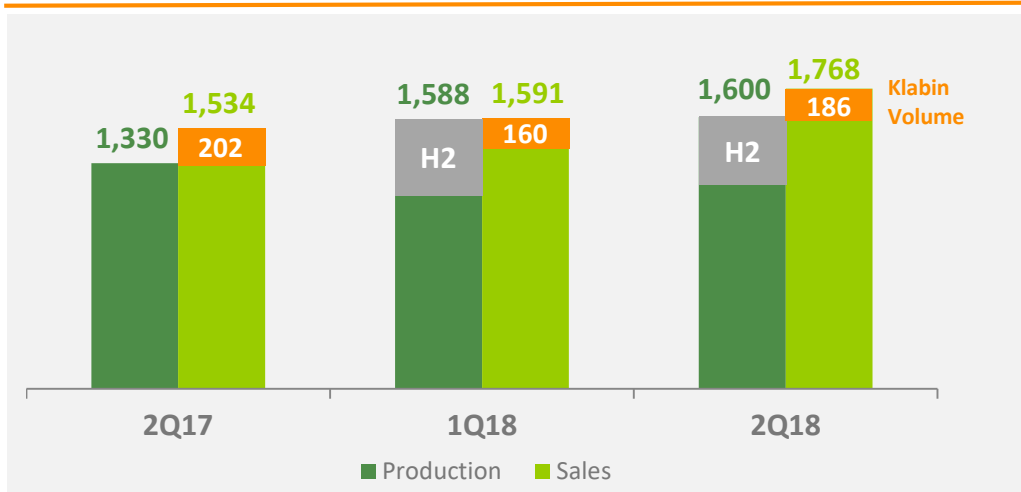


⁽⁵⁾ Considers Klabin volumes.

2Q18 Results

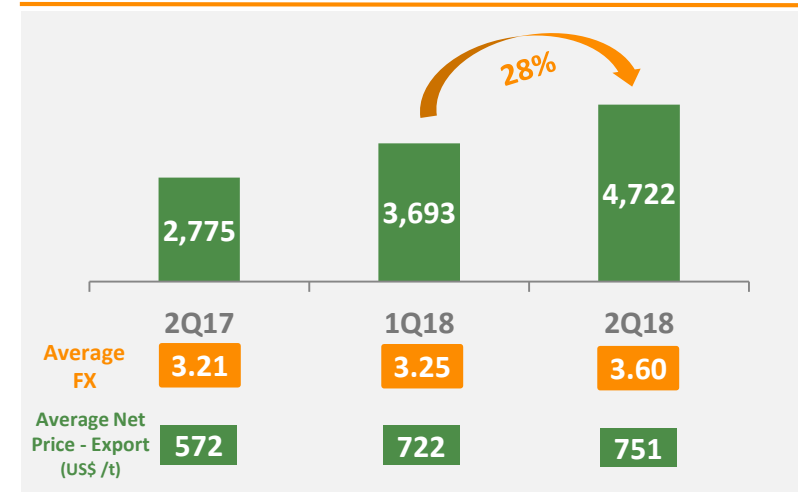


Pulp Production and Sales⁽¹⁾ ('000 t)



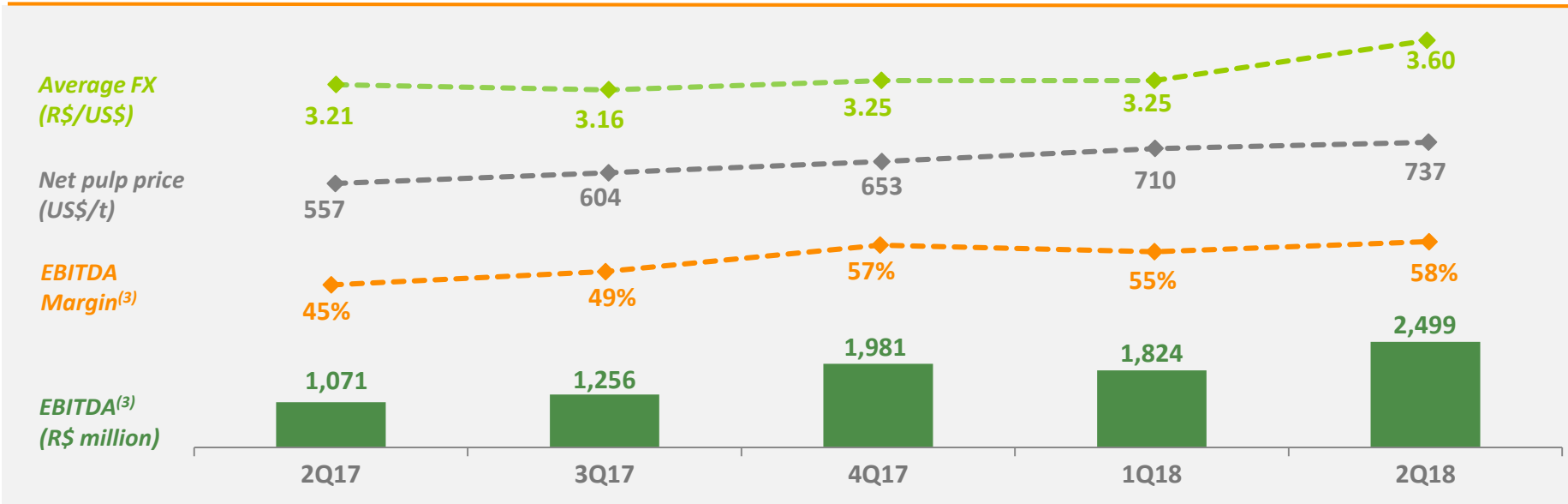
⁽¹⁾ Sales include Klabin volumes.

Net Revenues⁽²⁾ (R\$ million)



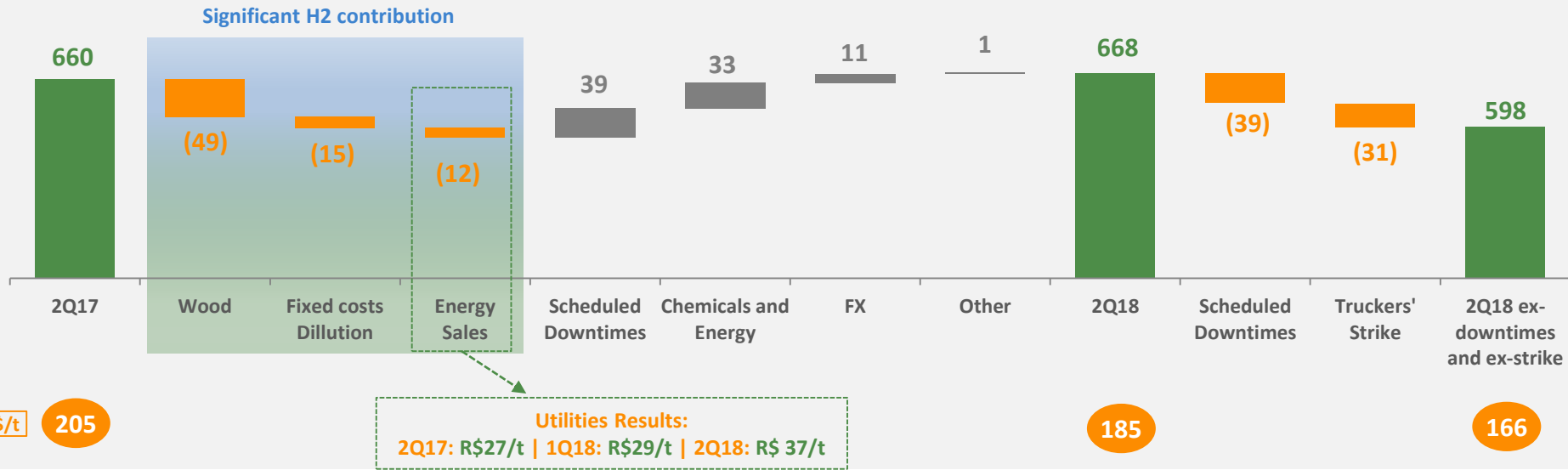
⁽²⁾ Includes Klabin volumes.

EBITDA (R\$ million) and EBITDA Margin (%)

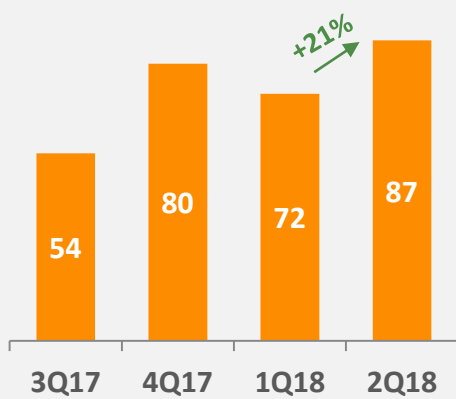


⁽³⁾ Not considering the effect of Klabin sales.

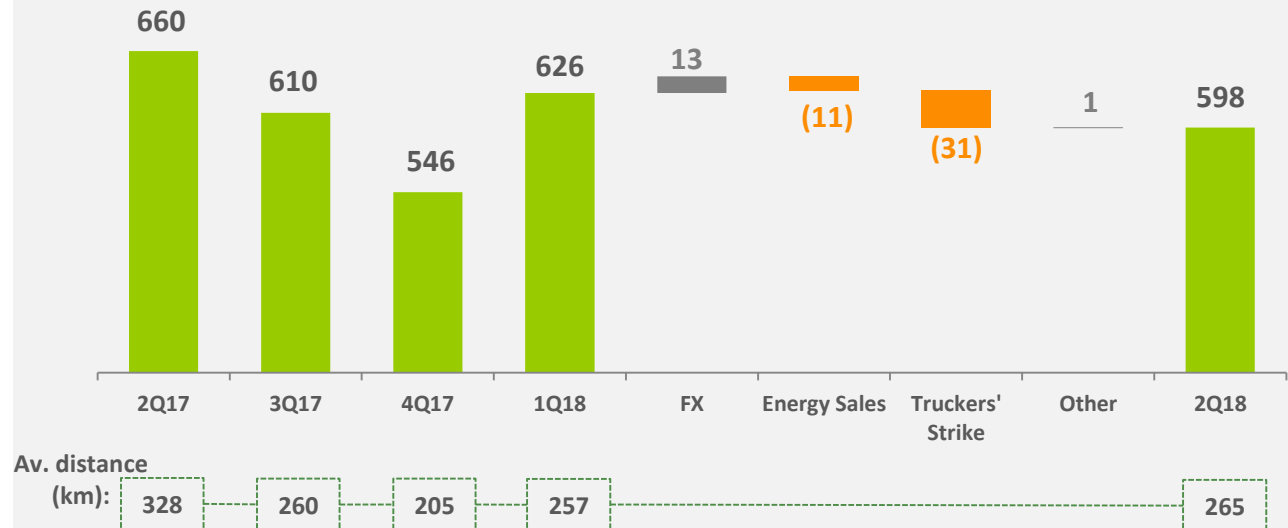
Cash Production Cost (R\$/t) – 2Q18



H2 energy surplus (MWh)



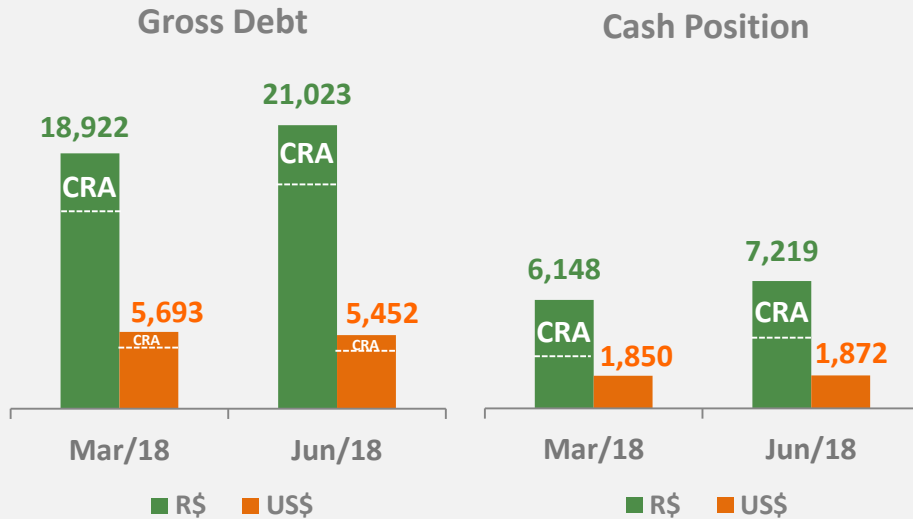
Cash production cost ex-downtimes and ex-strike (R\$/t) 2Q18 vs. 1Q18



2Q18 Indebtedness



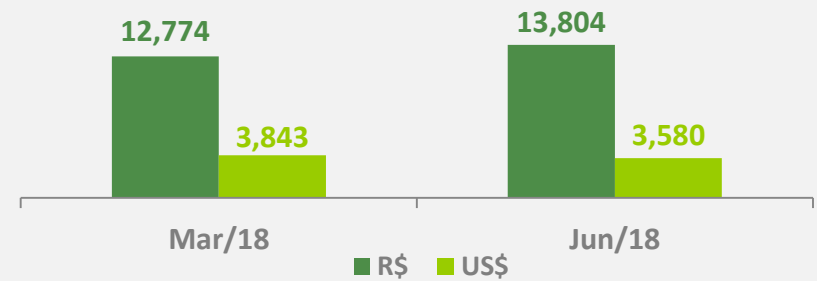
Gross debt and Cash position (million)



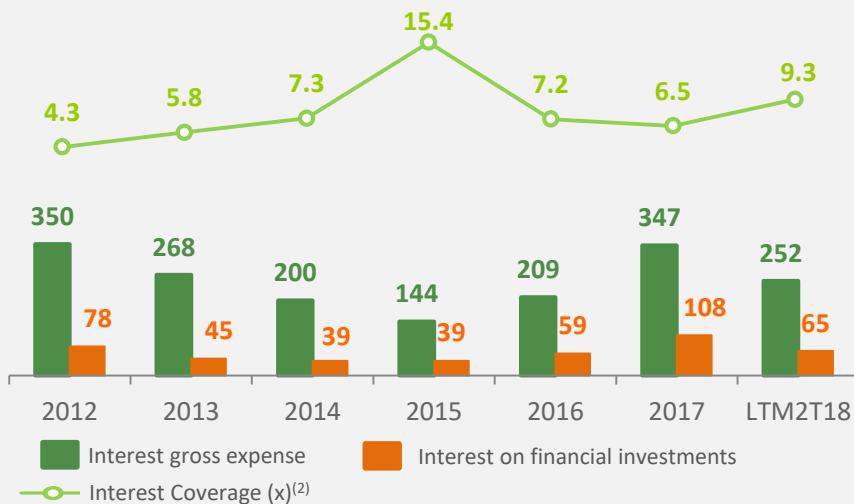
Net debt (million)

Average maturity: 59 months (Mar/18) / 57 months (Jun/18)

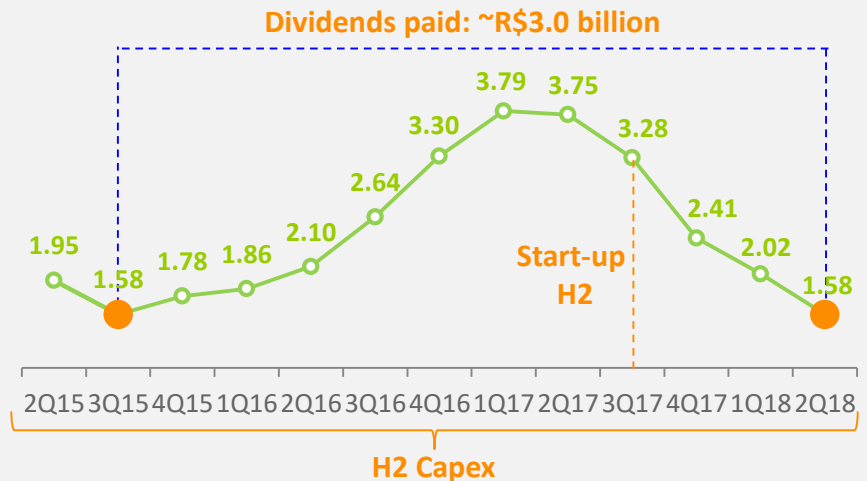
Average cost⁽¹⁾: 4.1% p.a. (Mar/18) / 4.3% p.a. (Jun/18)



Interest expense/revenue (US\$ million) and Interest coverage⁽²⁾

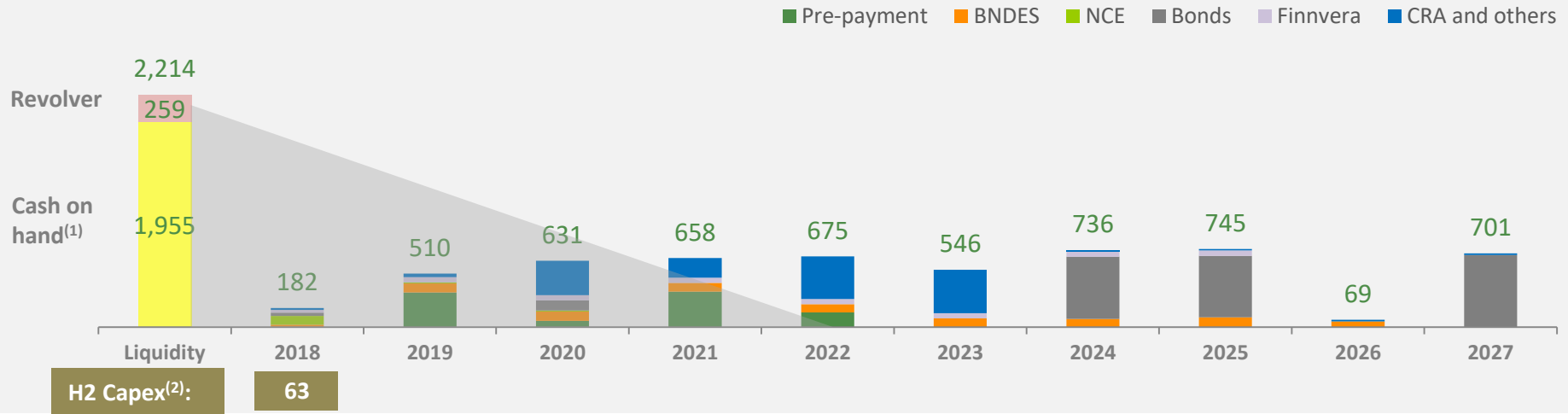


Leverage in US\$ (Net debt/EBITDA LTM)



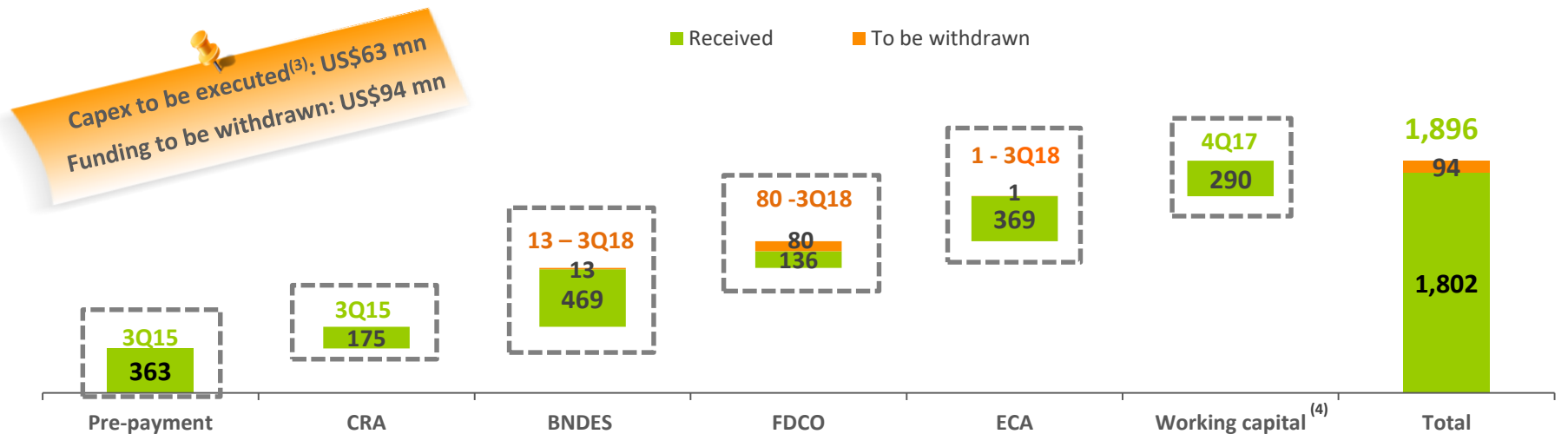
(1) Considering the portion of debt in reais fully adjusted by the market swap curves at the end of each period. | (2) LTM EBITDA/LTM net interest – excludes capitalized interest effect.

Liquidity⁽¹⁾ and debt amortization schedule (US\$ million)



(1) Not including negative US\$82 million related to MtM of hedging transactions. | (2) Financial execution of US\$2,118 million (cash) capex up to June/2018. FX R\$/US\$ 3.3511.

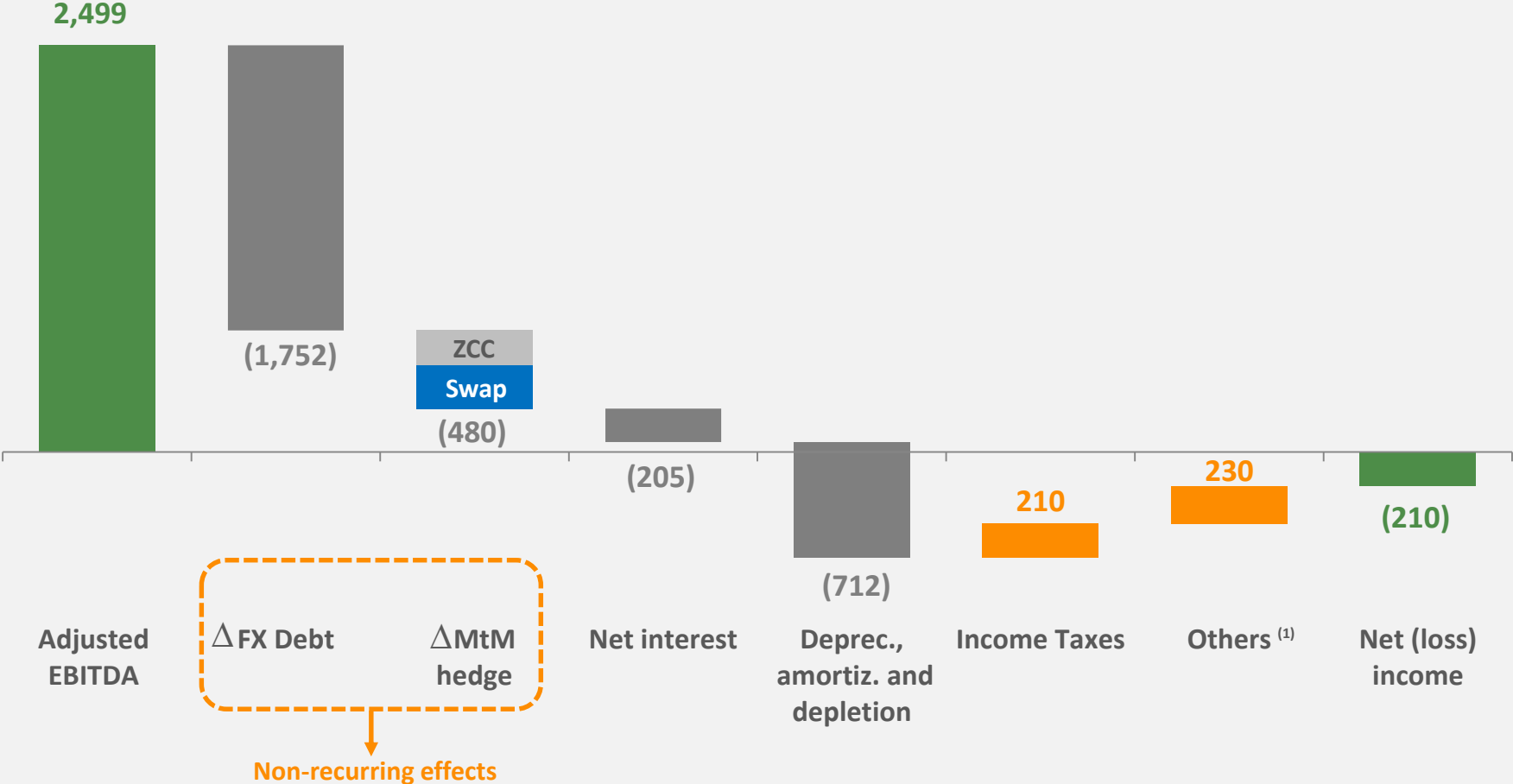
Horizonte 2 Funding (US\$ million)



Capex to be executed⁽³⁾: US\$63 mn
Funding to be withdrawn: US\$94 mn

(3) Capex to be disbursed (cash) related to Horizonte 2 Project. (4) Released due to the agreement with Klabin

Net (loss) income (R\$ million) – 2Q18

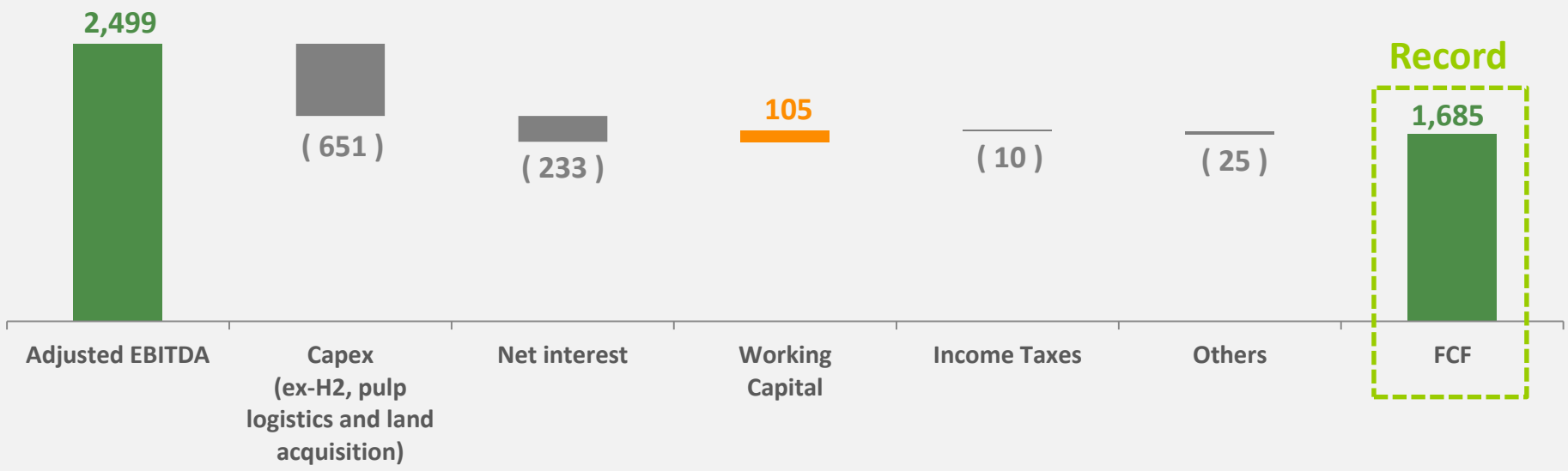


⁽¹⁾ Includes other Exchange rate/monetary variations other financial income/expense and other operating income/expenses.

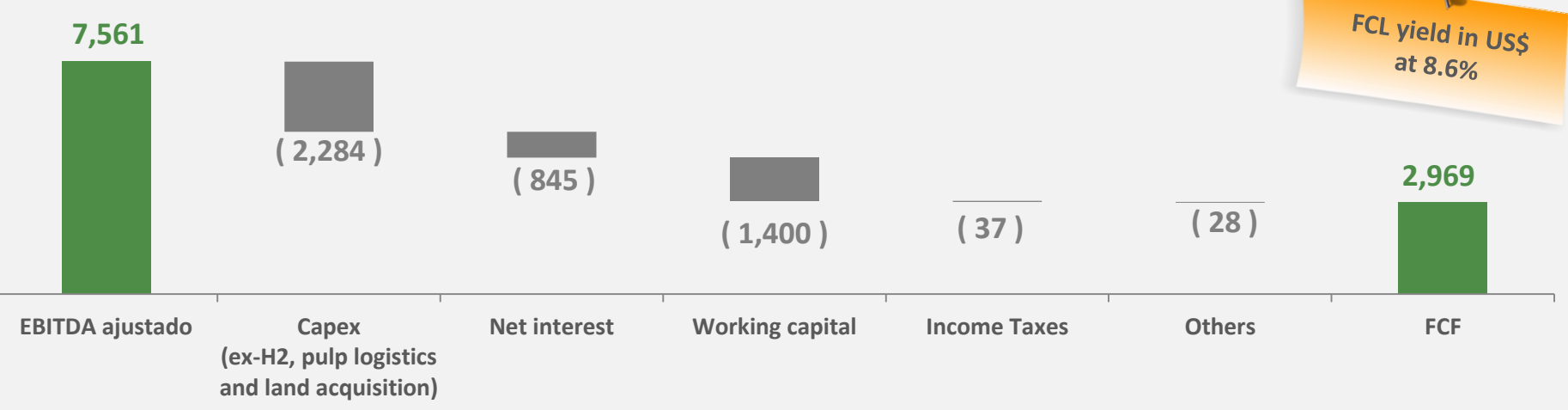
Free Cash Flow – FCF⁽¹⁾ 2Q18 and LTM (R\$ million)



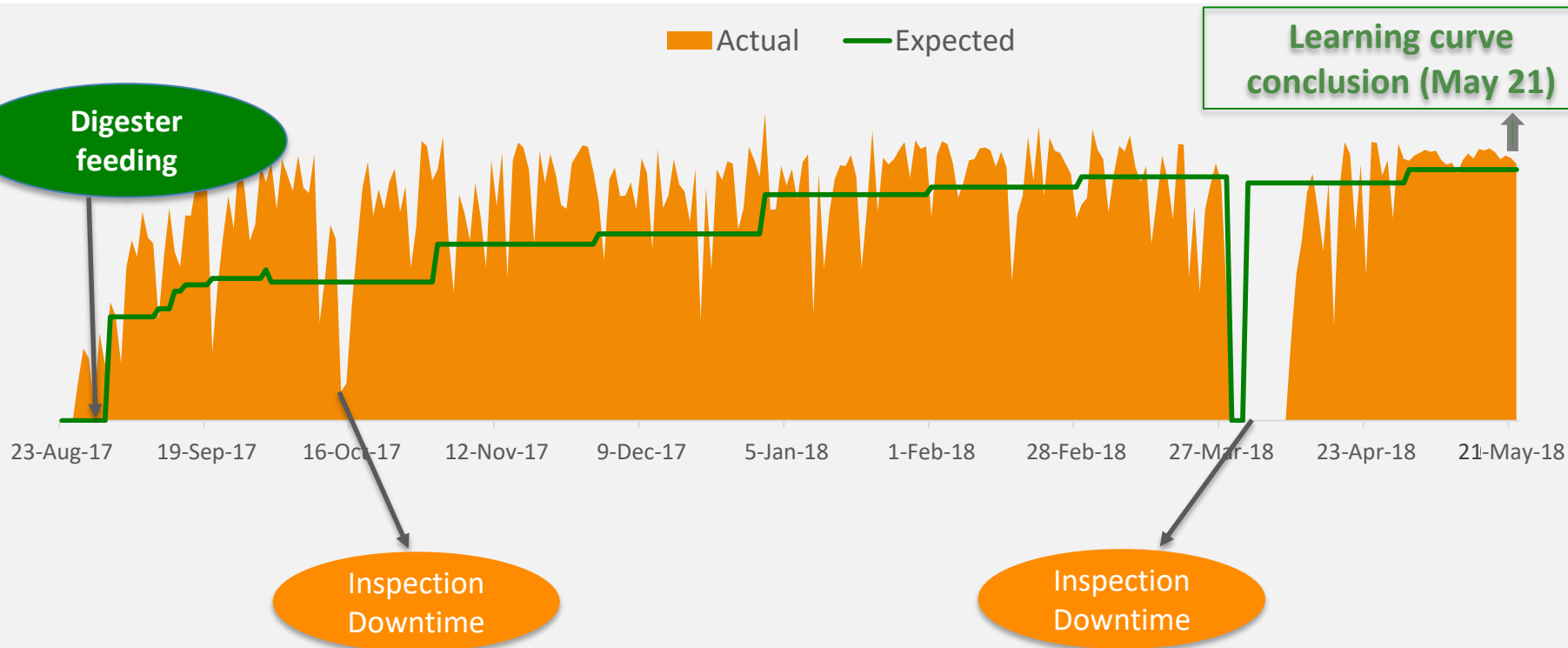
2Q18



LTM

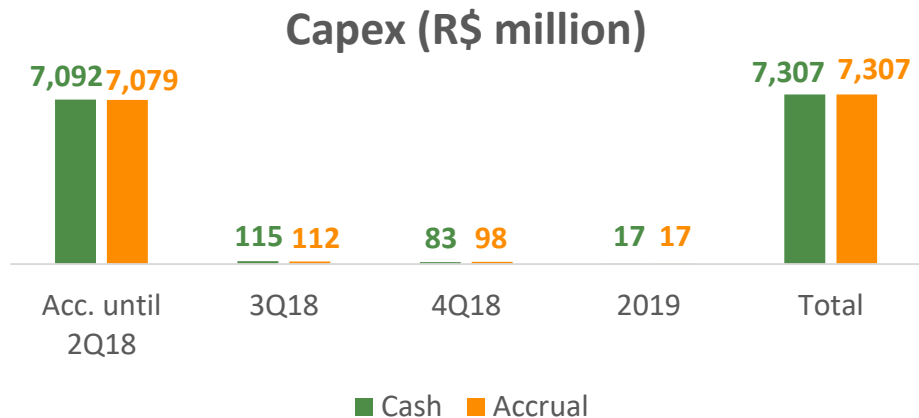


(1) Not considering Horizonte 2 capex (2Q18: R\$109 mn | LTM: R\$1,341 mn), pulp logistics projects (2Q18: R\$4 mn | LTM: R\$193 mn), dividends (2Q18 and LTM: R\$260 mn) and non-recurring land acquisition (2Q18: R\$424 mn | LTM: R\$424 mn).



From the start-up up to June 30, 2018

Actual	1,406 k tons	 +6%
Expected	1,325 k tons	





Investor Relations:

Website: www.fibria.com.br/ir

E-mail: ir@fibria.com.br

Tel: +55 11 2138-4565



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