

# Suzano Papel E Celulose SA Pfd Shs -A- SUZB5 ★★<sup>Q</sup> 10 Nov 2017 02:00 UTC

**Last Close**  
10 Nov 2017  
21.13

**Fair Value<sup>Q</sup>**  
10 Nov 2017 02:00 UTC  
16.19

**Market Cap**  
10 Nov 2017  
23,073.8 Mil

**Sector**  
Basic Materials

**Industry**  
Paper & Paper Products

**Country of Domicile**  
BRA Brazil

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## Company Profile

Suzano Papel E Celulose SA manufactures and sells bleached eucalyptus kraft pulp and printing and writing paper in Latin America. It also engages in the formation and exploration of eucalyptus forests for own use and sale to third parties.

## Quantitative Scores

		Scores		
		All	Rel Sector	Rel Country
Quantitative Moat	None	7	13	8
Valuation	Overvalued	2	5	2
Quantitative Uncertainty	High	59	79	71
Financial Health	Moderate	39	28	34



Undervalued | Fairly Valued | Overvalued

Source: Morningstar Equity Research

## Valuation

	Current		5-Yr Avg		Sector Median	Country Median
	Current	5-Yr Avg	Current	5-Yr Avg		
Price/Quant Fair Value	1.31	1.06	1.03	1.03		
Price/Earnings	57.3	56.8	17.7	16.5		
Forward P/E	—	—	13.8	13.9		
Price/Cash Flow	8.0	42.8	9.3	6.8		
Price/Free Cash Flow	49.5	25.9	16.5	9.9		
Trailing Dividend Yield %	1.66	—	1.90	2.16		
Price/Book	2.1	1.1	1.7	1.2		
Price/Sales	2.4	1.4	1.2	1.0		

## Profitability

	Current		5-Yr Avg		Sector Median	Country Median
	Current	5-Yr Avg	Current	5-Yr Avg		
Return on Equity %	2.4	0.3	10.5	10.2		
Return on Assets %	0.9	0.0	5.2	3.5		
Revenue/Employee (K)	—	—	700.9	739.9		

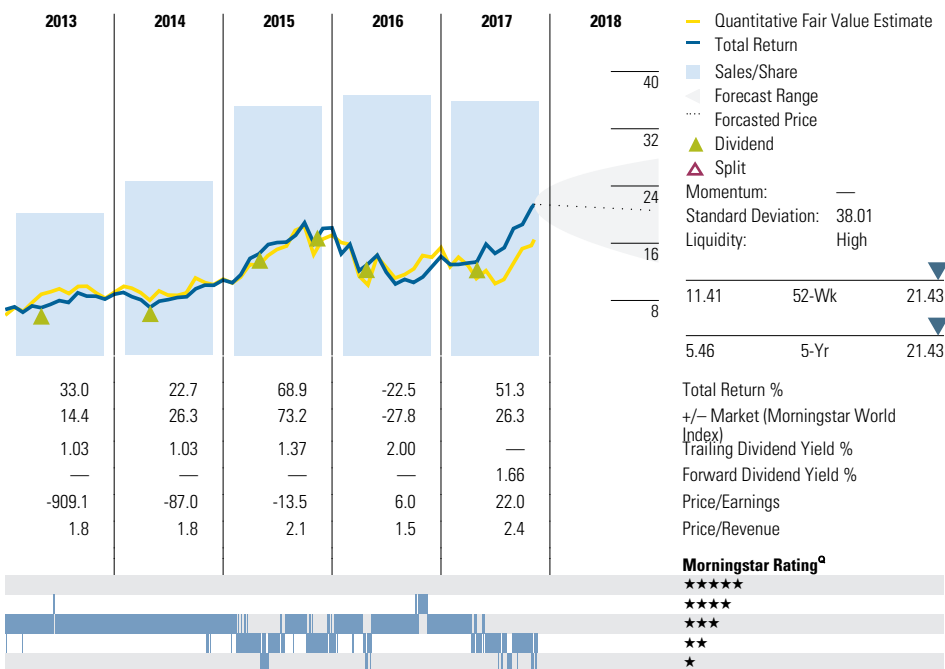
## Financial Health

	Current		5-Yr Avg		Sector Median	Country Median
	Current	5-Yr Avg	Current	5-Yr Avg		
Distance to Default	0.4	0.5	0.5	0.5		
Solvency Score	633.0	—	505.7	590.1		
Assets/Equity	2.9	2.7	1.4	2.1		
Long-Term Debt/Equity	1.2	0.6	0.2	0.3		

## Growth Per Share

	1-Year	3-Year	5-Year	10-Year
Revenue %	-3.4	20.2	15.3	12.3
Operating Income %	-57.1	—	14.3	8.2
Earnings %	—	—	91.3	4.7
Dividends %	10.9	43.9	57.3	—
Book Value %	10.2	-1.9	-15.6	0.1
Stock Total Return %	78.3	27.6	32.1	-0.3

## Price vs. Quantitative Fair Value

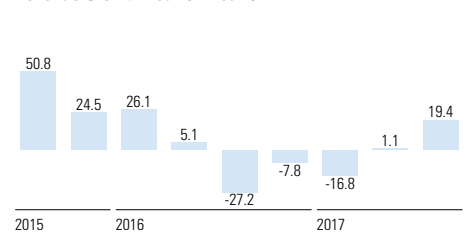


2012	2013	2014	2015	2016	TTM	Financials (Fiscal Year in Mil)
5,192	5,689	7,265	10,224	9,882	9,876	Revenue
7.1	9.6	27.7	40.7	-3.3	-0.1	% Change
544	976	-364	-1,359	1,317	1,568	Operating Income
—	79.2	-137.3	—	—	19.1	% Change
-182	-220	-262	-925	1,692	1,010	Net Income
670	41	1,465	2,351	3,003	3,119	Operating Cash Flow
-2,784	-1,665	-1,359	-1,458	-2,324	-2,456	Capital Spending
-2,114	-1,624	106	892	679	663	Free Cash Flow
-40.7	-28.5	1.5	8.7	6.9	6.7	% Sales
-0.24	-0.23	-0.26	-0.87	1.60	0.96	EPS
-484.0	—	—	—	—	-40.0	% Change
-2.09	-1.91	-0.01	0.58	1.16	0.61	Free Cash Flow/Share
0.00	0.10	0.12	0.26	0.28	0.35	Dividends/Share
10.15	9.87	9.68	8.17	10.10	10.63	Book Value/Share
1,090	1,085	1,087	1,088	1,090	1,092	Shares Outstanding (Mil)
-1.8	-2.0	-2.5	-9.5	17.5	8.9	Profitability
-0.8	-0.8	-1.0	-3.3	5.9	3.4	Return on Equity %
-3.5	-3.9	-3.6	-9.1	17.1	10.2	Return on Assets %
0.22	0.22	0.26	0.36	0.34	0.33	Net Margin %
2.3	2.5	2.7	3.1	2.9	2.5	Asset Turnover
22.3	26.3	26.3	39.5	33.5	35.5	Financial Leverage
10.5	17.2	-5.0	-13.3	13.3	15.9	Gross Margin %
115	132	11,944	—	12,399	—	Operating Margin %
11,002	10,687	10,315	9,192	10,143	11,606	Long-Term Debt
0.4	0.4	0.4	0.6	0.6	0.6	Total Equity
—	—	—	—	—	—	Fixed Asset Turns

## Quarterly Revenue & EPS

Revenue (Mil)	Mar	Jun	Sep	Dec	Total
2017	2,253.9	2,529.9	2,594.7	—	—
2016	2,708.3	2,503.5	2,172.8	2,497.7	9,882.3
2015	2,147.4	2,382.4	2,985.5	2,709.1	10,224.4
2014	1,399.6	1,709.0	1,979.5	2,176.5	7,264.6
Earnings Per Share (€)					
2017	0.43	0.17	0.75	—	—
2016	1.06	1.97	0.06	-0.43	1.60
2015	-0.71	0.42	-0.90	0.32	-0.87
2014	0.19	0.10	-0.35	-0.19	-0.26

## Revenue Growth Year On Year %



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Morningstar's quantitative equity ratings consist of: (i) Quantitative Fair Value Estimate, (ii) Quantitative Star Rating, (iii) Quantitative Uncertainty, (iv) Quantitative Economic Moat, and (v) Quantitative Financial Health (collectively the "Quantitative Ratings").

The Quantitative Ratings are calculated daily and derived from the analyst-driven ratings of a company's peers as determined by statistical algorithms. Morningstar, Inc. ("Morningstar", "we", "our") calculates Quantitative Ratings for companies whether or not it already provides analyst ratings and qualitative coverage. In some cases, the Quantitative Ratings may differ from the analyst ratings because a company's analyst-driven ratings can significantly differ from other companies in its peer group.

i. **Quantitative Fair Value Estimate:** Intended to represent Morningstar's estimate of the per share dollar amount that a company's equity is worth today. Morningstar calculates the Quantitative Fair Value Estimate using a statistical model derived from the Fair Value Estimate Morningstar's equity analysts assign to companies. Please go to <http://global.morningstar.com/equitydisclosures> for information about Fair Value Estimate Morningstar's equity analysts assign to companies.

ii. **Quantitative Economic Moat:** Intended to describe the strength of a firm's competitive position. It is calculated using an algorithm designed to predict the Economic Moat rating a Morningstar analyst would assign to the stock. The rating is expressed as Narrow, Wide, or None.

**Narrow** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 70% but less than 99%.

**Wide** – assigned when the probability of a stock receiving a "Wide Moat" rating by an analyst is greater than 99%.

**None** – assigned when the probability of an analyst receiving a "Wide Moat" rating by an analyst is less than 70%.

iii. **Quantitative Star Rating:** Intended to be the summary rating based on the combination of our Quantitative Fair Value Estimate, current market price, and the Quantitative Uncertainty Rating. The rating is expressed as One-Star, Two-Star, Three-Star, Four-Star, and Five-Star.

**One-Star** – the stock is overvalued with a reasonable margin of safety.

*Log (Quant FVE/Price) < -1\*Quantitative Uncertainty*

**Two-Star** - the stock is somewhat overvalued.

*Log (Quant FVE/Price) between (-1\*Quantitative Uncertainty, -0.5\*Quantitative Uncertainty)*

**Three-Star** – the stock is approximately fairly valued.

*Log (Quant FVE/Price) between (-0.5\*Quantitative Uncertainty, 0.5\*Quantitative Uncertainty)*

**Four-Star** – the stock is somewhat undervalued.

*Log (Quant FVE/Price) between (0.5\*Quantitative Uncertainty, 1\*Quantitative Uncertainty)*

**Five-Star** – the stock is undervalued with a reasonable margin of safety.

*Log (Quant FVE/Price) > 1\*Quantitative Uncertainty*

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**Medium** – the interquartile range for possible fair values is less than 15% but greater than 10%

**High** – the interquartile range for possible fair values is less than 35% but greater than 15%

**Very High** – the interquartile range for possible fair values is less than 80% but greater than 35%

**Extreme** – the interquartile range for possible fair values is greater than 80%

v. **Quantitative Financial Health:** Intended to reflect the probability that a firm will face financial distress in the near future. The calculation uses a predictive model designed to anticipate when a company may default on its financial obligations. The rating is expressed as Weak, Moderate, and Strong.

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**Moderate** – assigned when Quantitative Financial Health is between 0.2 and 0.7

**Strong** – assigned when Quantitative Financial Health > 0.7

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**Fairly Valued – Last Price** is in line with Morningstar's quantitative fair value estimate.

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