

EARNINGS
RELEASE

2Q20



Highlights 2Q20

Adjusted EBITDA reached R\$ 1.333 billion on 2Q20, growth of 39% in comparison to 2Q19



Sales Volume

858 k t

+ 5%

In comparison to 2Q19

Revenue

R\$ **2,956 mi**

+ 14%

In comparison to 2Q19

Adjusted EBITDA

R\$ **1,333 mi**

+ 39%

In comparison to 2Q19

Adj. Free Cash-Flow

R\$ **1.370 bi**

of cash generation

With a FCF¹ yield on LTM of

13.7% p.y.

Financial Policies

**Financial
Indebtedness and
Dividend/IOC²**

Policies approval, formalizing and
giving transparency to
**leverage, liquidity and
distribution of proceeds**

Construction - Puma II

**45%
completed**

of **1st Fase** of the project

As of 07/26/2020

¹ Adjusted Free Cash-Flow

² Interest On Capital

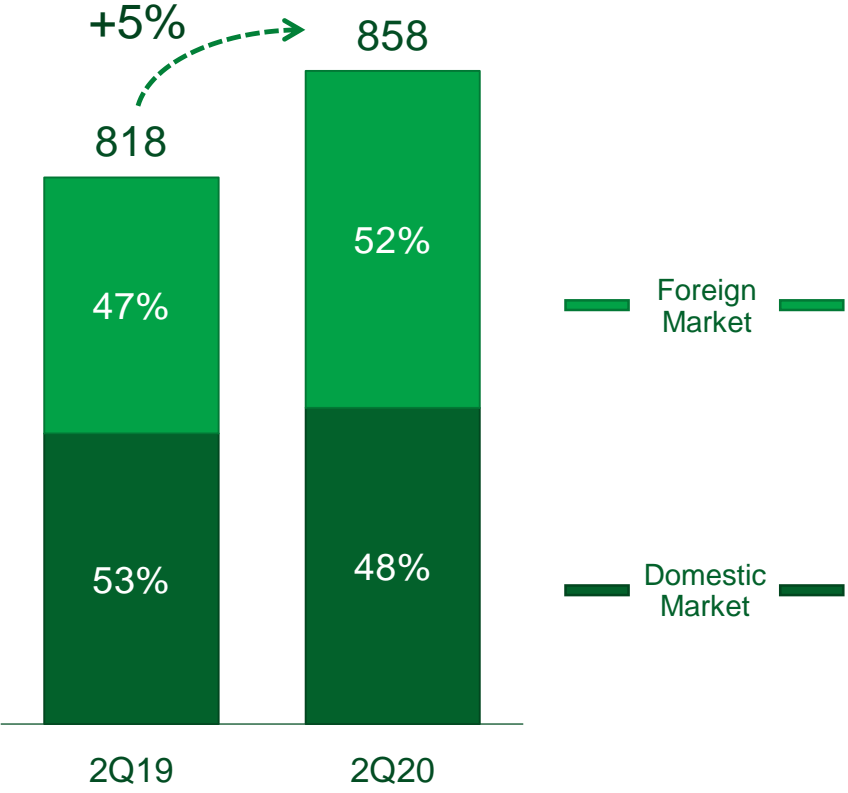
Results 2Q20

Productive efficiency, operational flexibility and business diversification drove results up on this quarter



Sales Volume¹

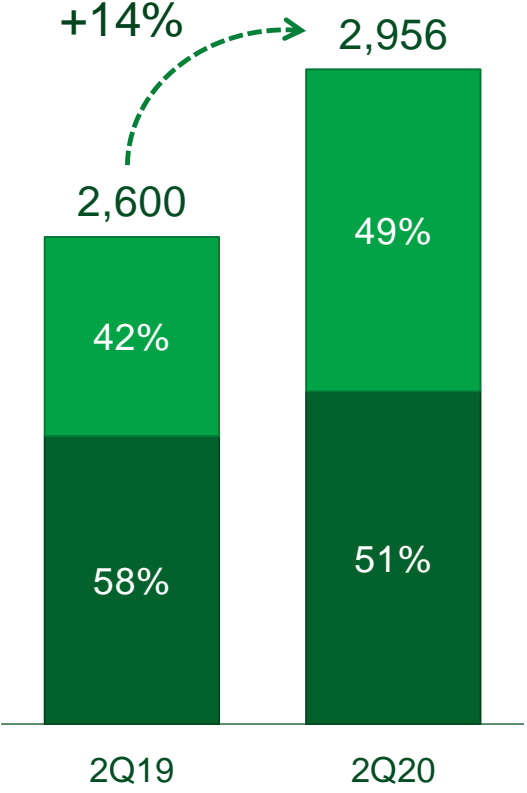
k tonnes



¹ Does not consider wood

Net Revenue²

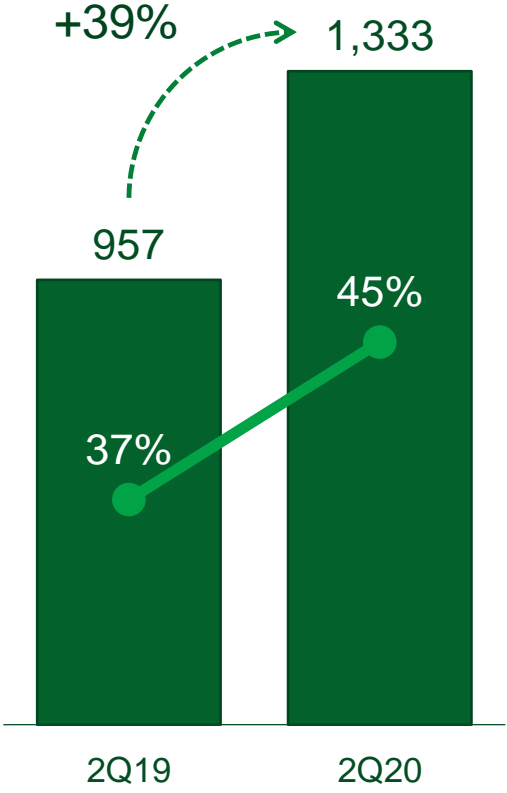
R\$ million



¹ Includes Wood, Other Revenue and Eliminations

Adjusted EBITDA Margin

R\$ million, % of Net Revenue

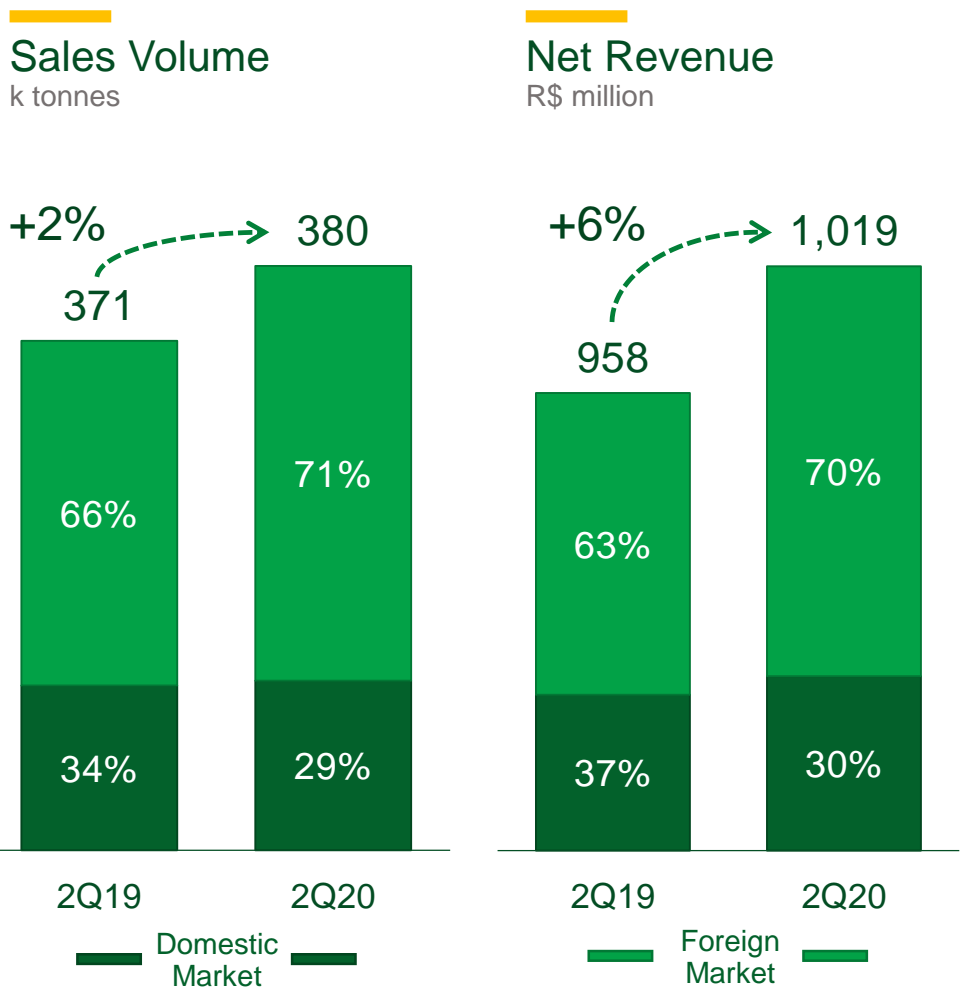


Operational Results

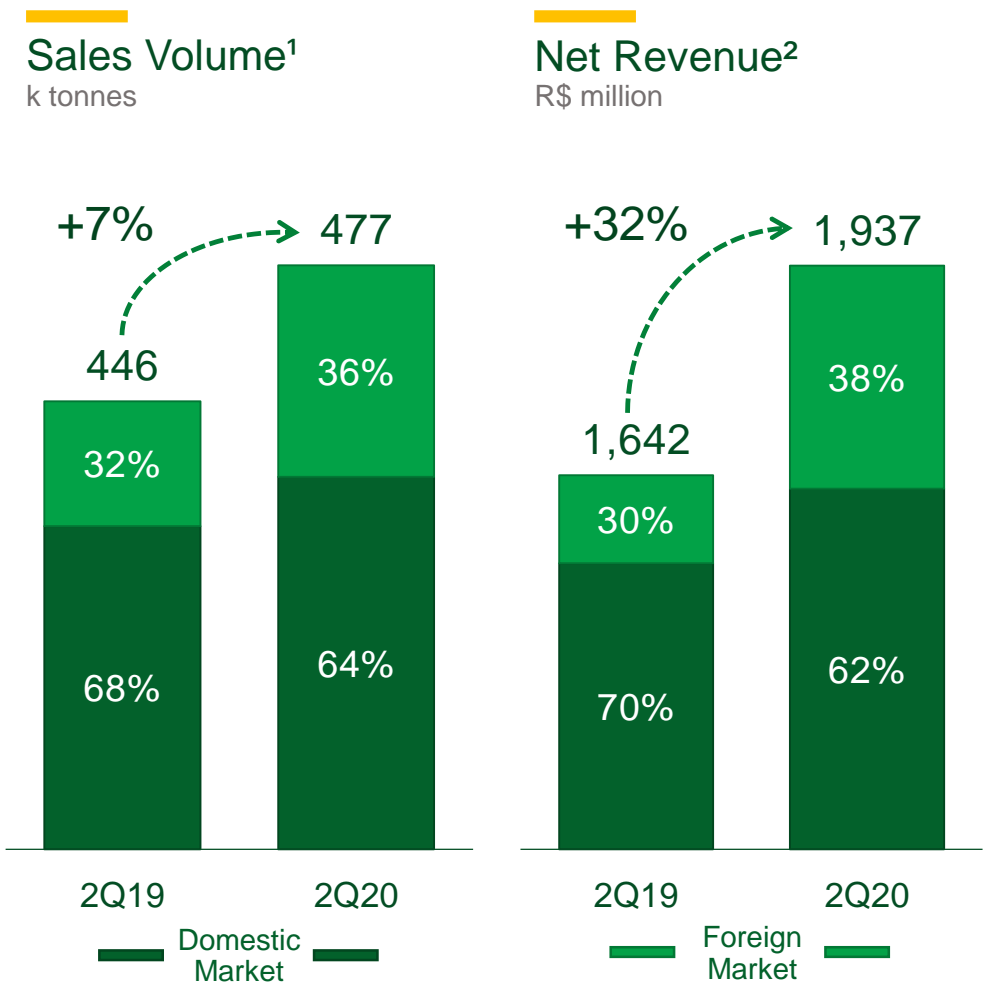
Business Units



PULP



PAPER AND PACKAGING

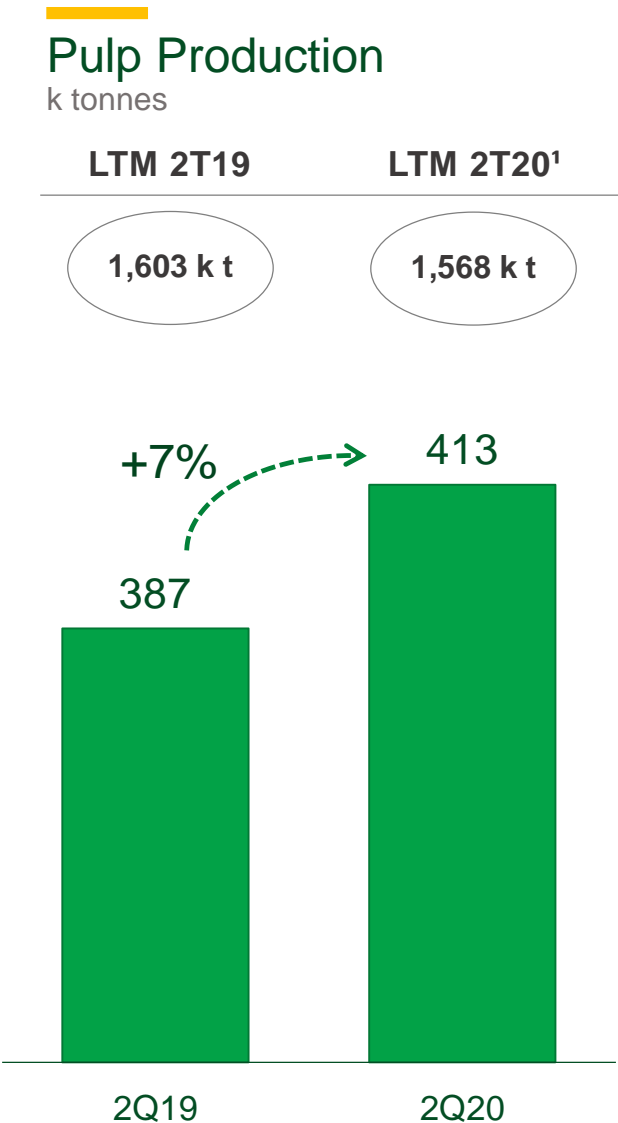


¹ Does not consider wood

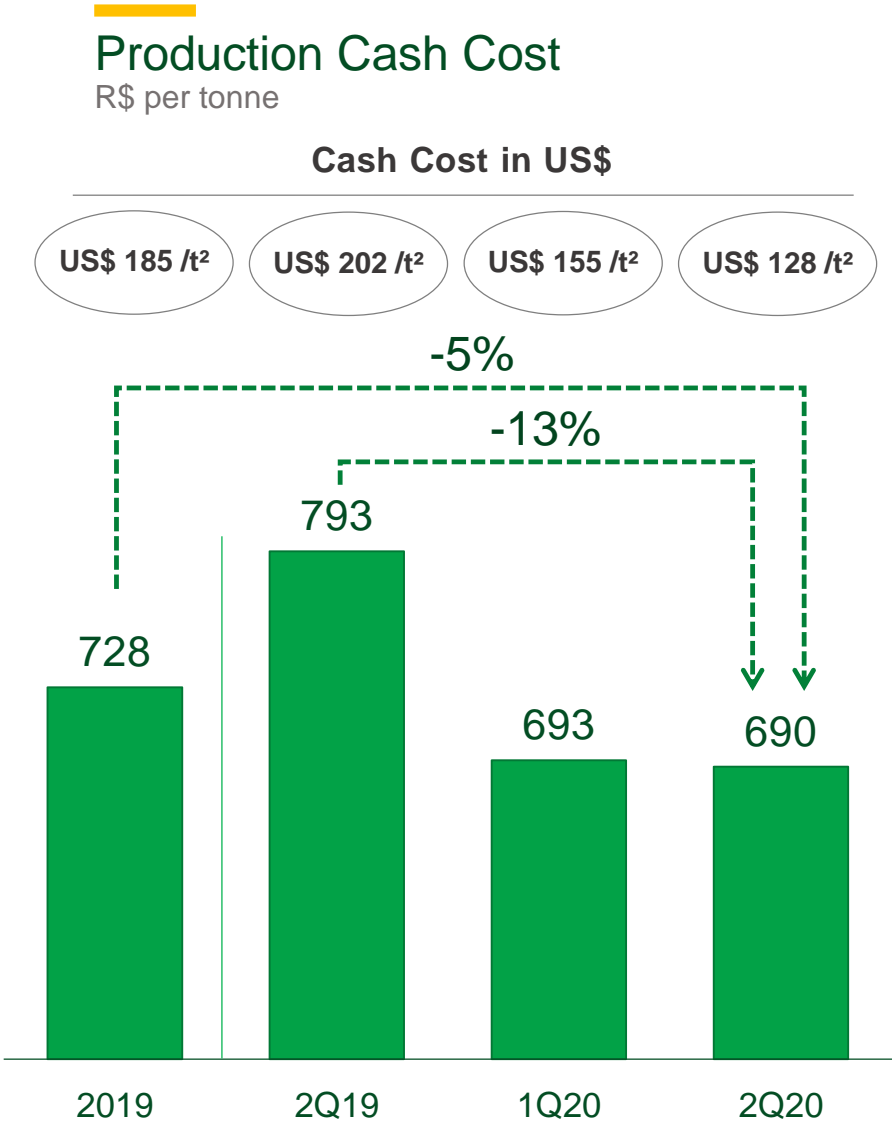
² Includes Wood, Other Revenue and Eliminations

Highlights - Pulp

Production of 1,568 thousand tons in LTM, with a cash cost 13% lower in the comparison 2Q20 x 2Q19



¹ Includes maintenance stoppage executed in 3Q19



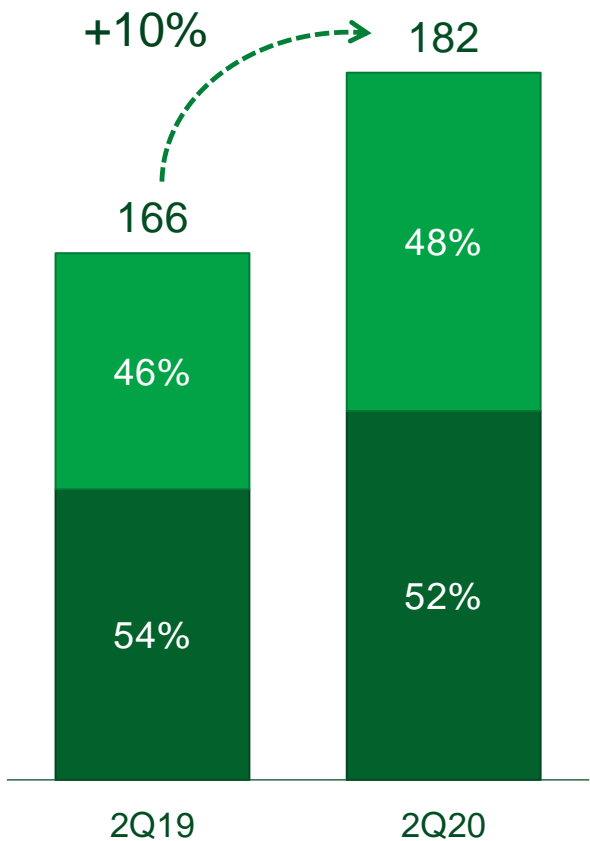
² Based on the average exchange rate for the period

Highlights - Coated Boards

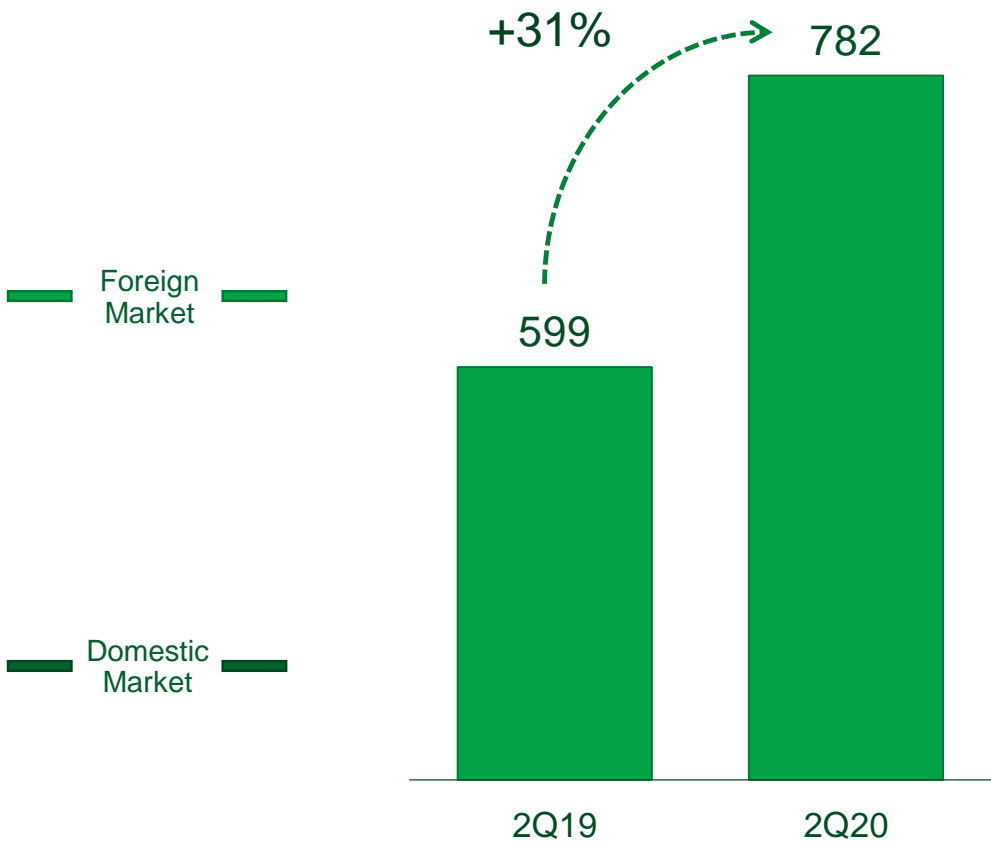
10% growth in volume sold and 31% in revenue on 2Q20 in comparison to 2Q19



Sales Volume
k tonnes

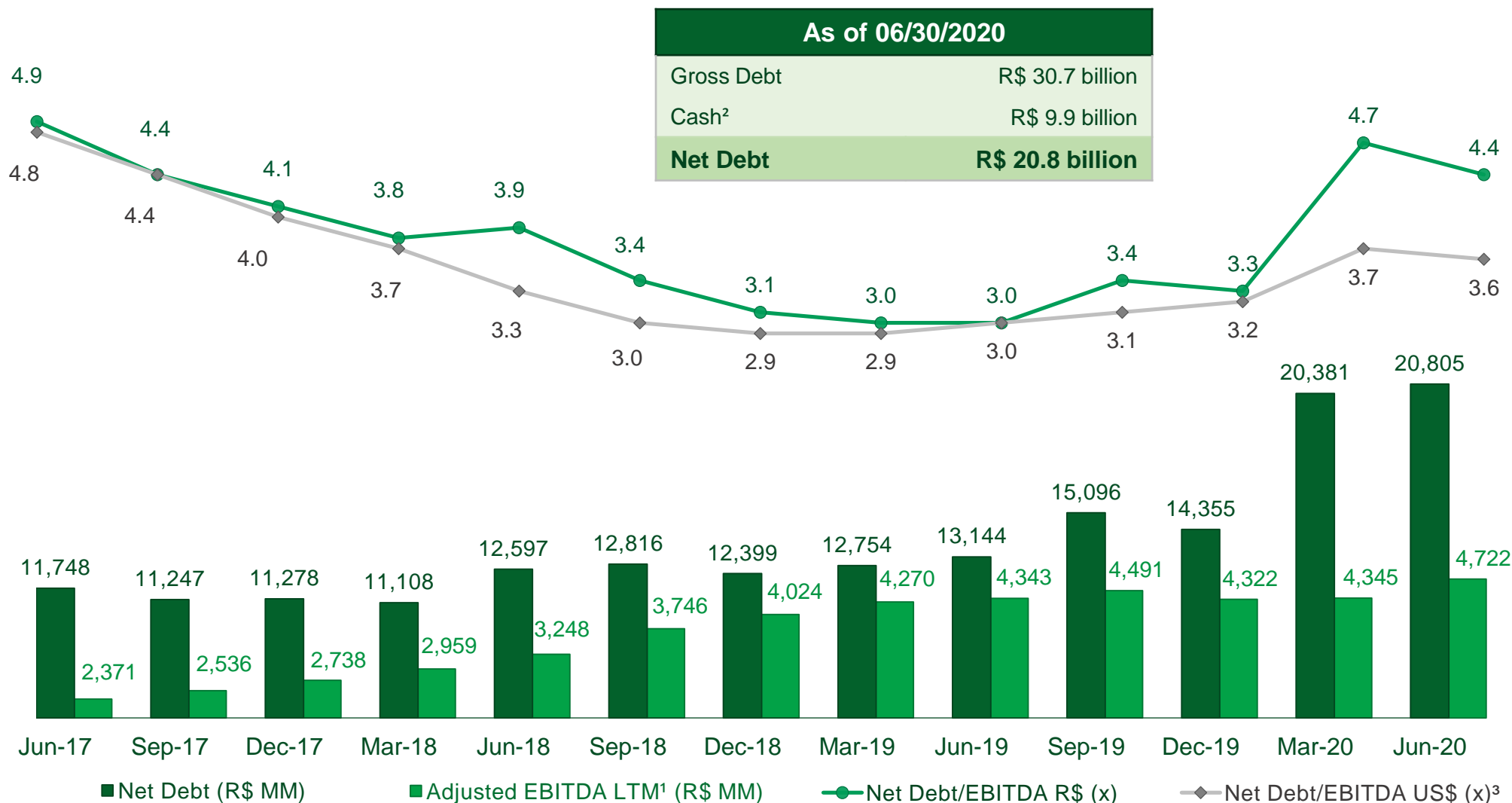


Net Revenue
R\$ million



Net Debt and Leverage

Reduction of leverage in face of the higher EBITDA of the period and cash generation



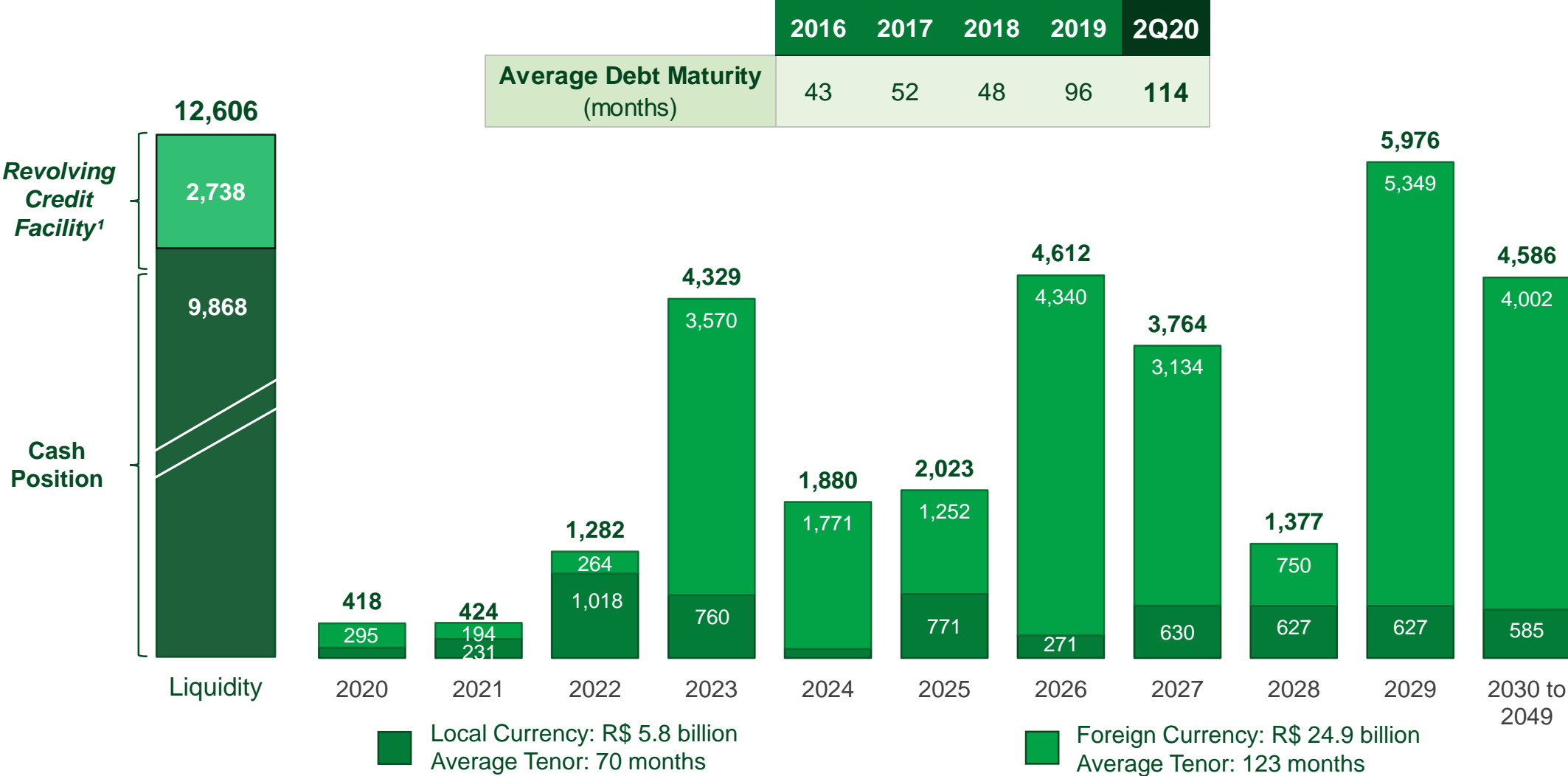
¹ LTM: Last Twelve Months

² Disconsiders the Revolving Credit Facility of US\$ 500 million due on Dec/23

³ Net Debt/EBITDA (US\$): considers the closing dollar each period for Net Debt and the average dollar for the EBITDA measure

Debt Maturity

Average debt maturity of more than 9 years and low maturities due between 2020 and 2022, the period of greater concentration of disbursement of the Puma II Project



¹ Revolving Credit Facility of US\$ 500 million due on Dec/23

Free Cash Flow

R\$ MM	2Q20	1Q20	2Q19	LTM
Adjusted EBITDA	1.333	1.028	957	4.721
(-) Capex	(998)	(820)	(581)	(3.514)
(-) Interest paid/received	(453)	(243)	(280)	(1.268)
(-) Income tax	(3)	(1)	(2)	(48)
(+/-) Working Capital	578	(308)	(71)	171
(-) Dividends & IOC ³	0	(223)	(201)	(709)
(+/-) Other	(1)	(32)	(1)	(32)
Free Cash Flow	457	(600)	(178)	(679)
Dividends & IOC ³	0	223	201	709
Puma II Project	908	527	288	2.419
Special projects and growth	4	23	57	157
Adjusted Free Cash Flow¹	1.370	173	368	2.606
Adjusted FCF Yield²				13,7%

¹ Disconsiders Dividends & IOC as well as Special and Expansion Projects

² Adjusted FCF Yield (per Unit excluding treasury Units) divided by the average Unit price for the Last Twelve Months

³ Interest On Capital

ROIC – Return on Invested Capital

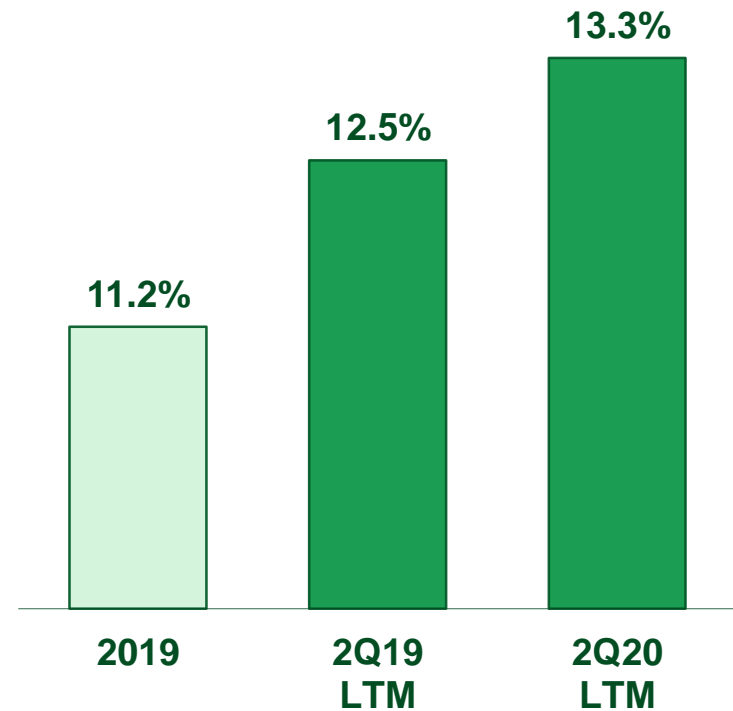
Consistency and discipline in value generation

ROIC ¹ (R\$ million) - LTM ³	2Q20	1Q20	2Q19
Total Asset	35.762	35.029	30.887
(-) Total Liability (ex-debt)	3.483	3.561	3.514
(-) Construction in progress	2.424	1.769	562
Invested Capital	29.855	29.699	26.811
(-) CPC 29 Adjustment ²	1.745	1.809	1.935
Adjusted Invested Capital	28.110	27.890	24.876
Adjusted EBITDA	4.721	4.345	4.343
(-) Sustaining Capex	(938)	(1.089)	(915)
(-) Income Tax and Soc. Contr. (cash)	(48)	(47)	(319)
Adjusted Operating Cash-Flow	3.735	3.209	3.109
ROIC	13,3%	11,5%	12,5%

¹ ROIC (Last Twelve Months): Adjusted Operating Cash-Flow / Adjusted Invested Capital

² Fair Value of Biological Assets – Deferred Taxes of Biological Assets

³ Average of the last 4 quarters



Puma II Project

Conclusion of 45% of the 1st phase of the project and cumulative disbursement of R\$ 2,707 million

Key Highlights 2Q20

- Gradual remobilization of workers held on the site over 2Q20;
- Currently, the first packaging paper machine of the project counts with **45%**¹ of the work schedule already executed.

¹ Assessment made on 07/26/2020

Realized Capex (R\$ million)				
1Q19	2Q19	3Q19	4Q19	2019
-	288	430	554	1,272

1Q20	2Q20	6M20
527	908	1,435



Aerial view of Paper Machine 27's construction site – first Machine to run-up on Puma II. Picture dated as of 07/26/2020

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www.klabin.com.br/ir

invest@klabin.com.br

+55 (11) 3046-8401