

EARNINGS
RELEASE

3Q20



Highlights 3Q20

Adjusted EBITDA reached R\$ 1.233 billion on 3Q20, growth of 59% in comparison to 3Q19¹



Sales Volume

910 k t

+ 14%

In comparison to 3Q19

Net Revenue

R\$ **3.109 bi**

+ 25%

In comparison to 3Q19

Adjusted EBITDA

R\$ **1.233 bi**

+ 59%

In comparison to 3Q19¹

Adj. Free Cash-Flow

R\$ **1.757 bi**

of cash generation

With a FCF yield on LTM² of

18.7% a.a.

Return on Invested Capital

13.7%

(3Q20)

Last Twelve Months

Against **12.1%** on **3Q19**

Construction - Puma II

57%

completed

of **1st Phase** of the project

As of 10/21/2020

¹ Excludes extemporaneous gain of tax credits recognized on 3Q19

² LTM – Last Twelve Months

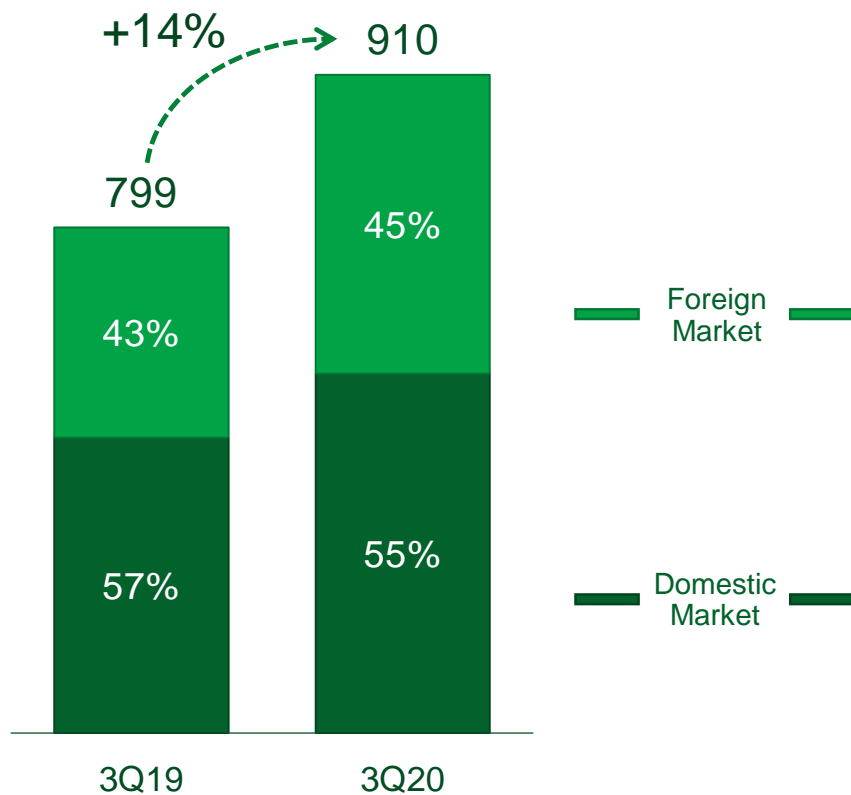
Results 3Q20

Production efficiency, operational flexibility and business diversification drove quarter results



Sales Volume¹

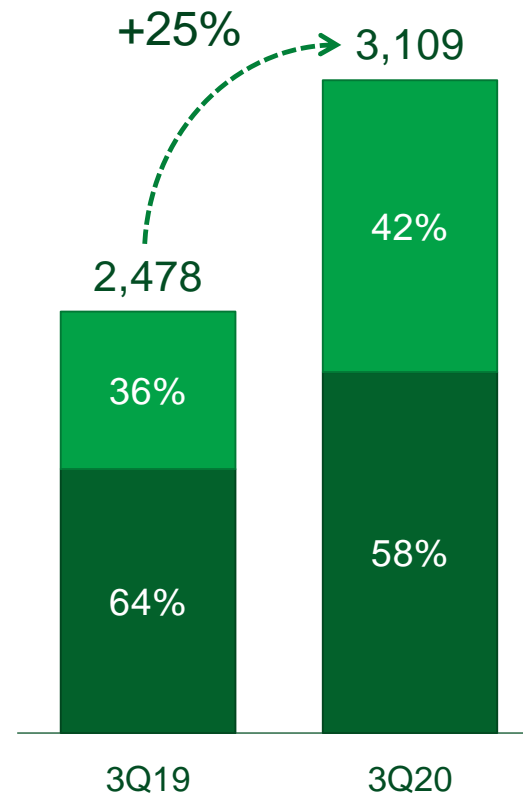
k tonnes



¹ Does not consider wood

Net Revenue²

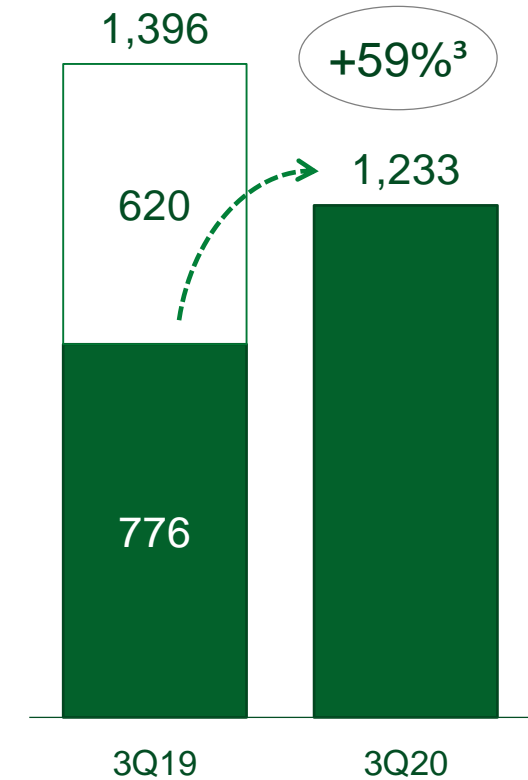
R\$ million



² Includes Wood, Other Revenue and Eliminations

Adjusted EBITDA

R\$ million



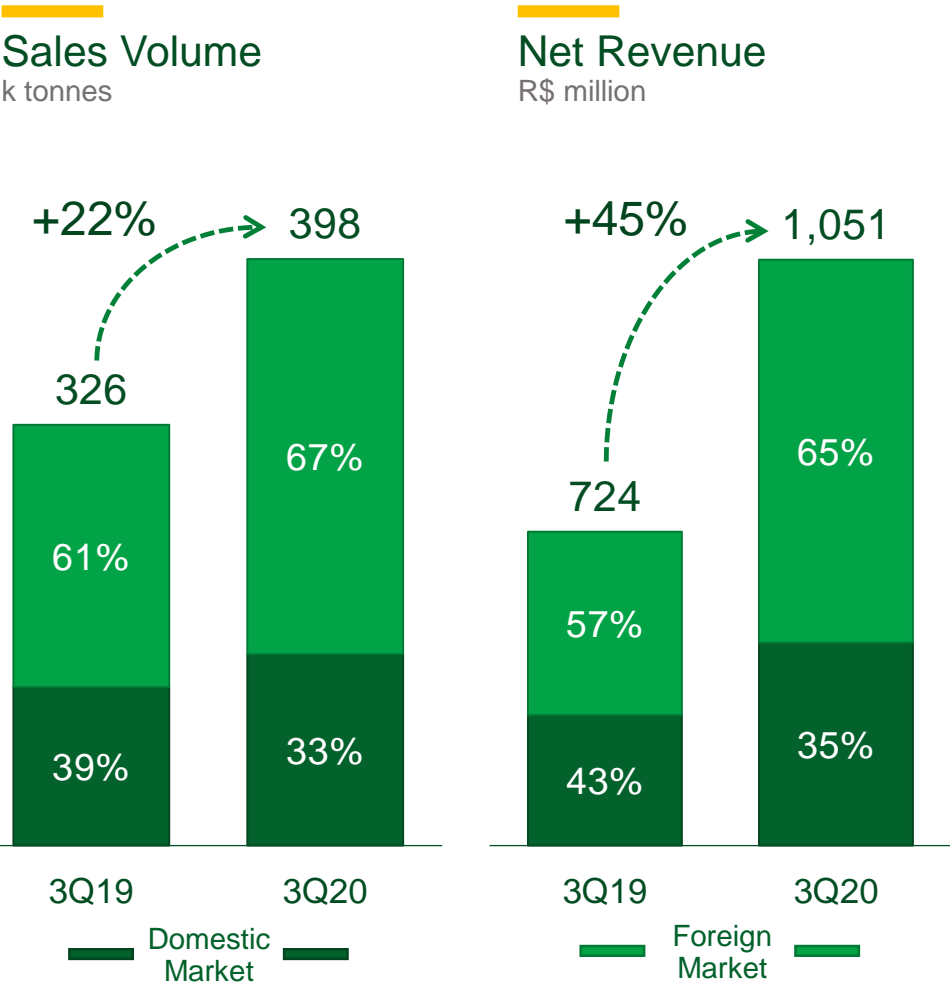
³ Excludes R\$ 620 million extemporaneous gain of tax credits recognized on 3Q19

Operational Results

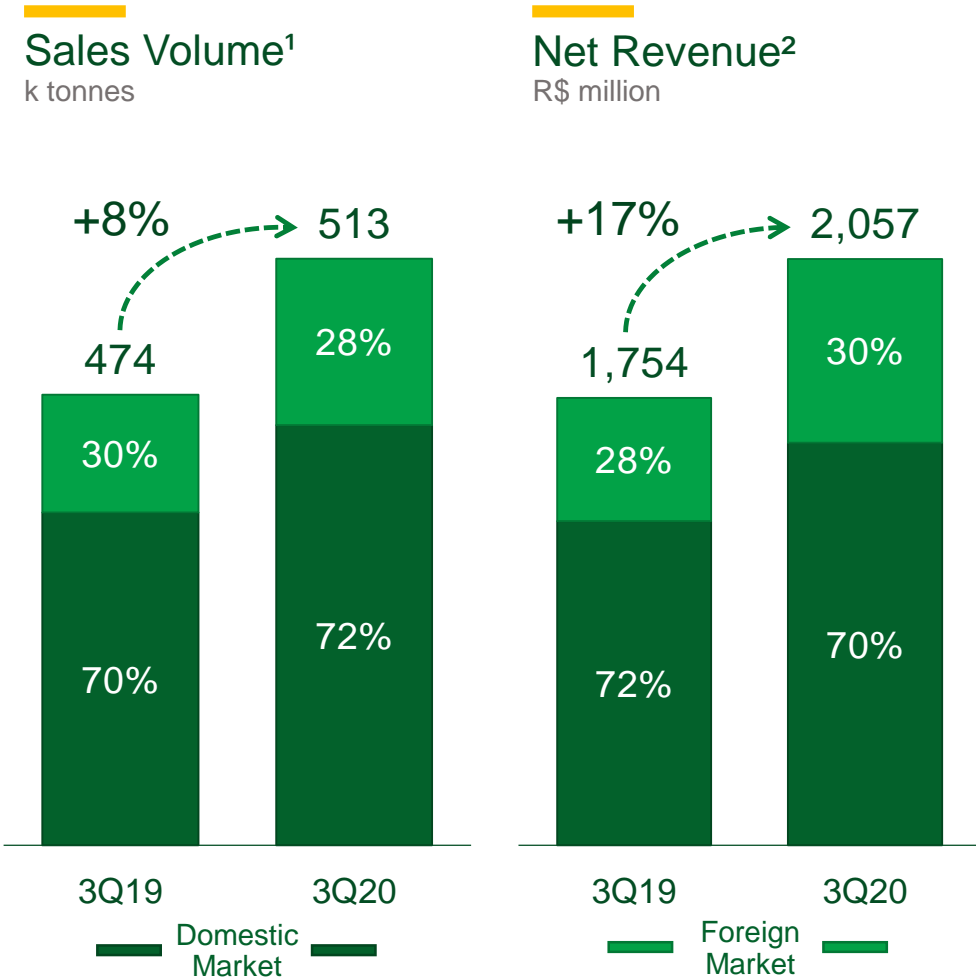
Higher volumes and revenues across all lines of business



PULP



PAPER AND PACKAGING



¹ Does not consider wood

² Includes Wood, Other Revenue and Eliminations

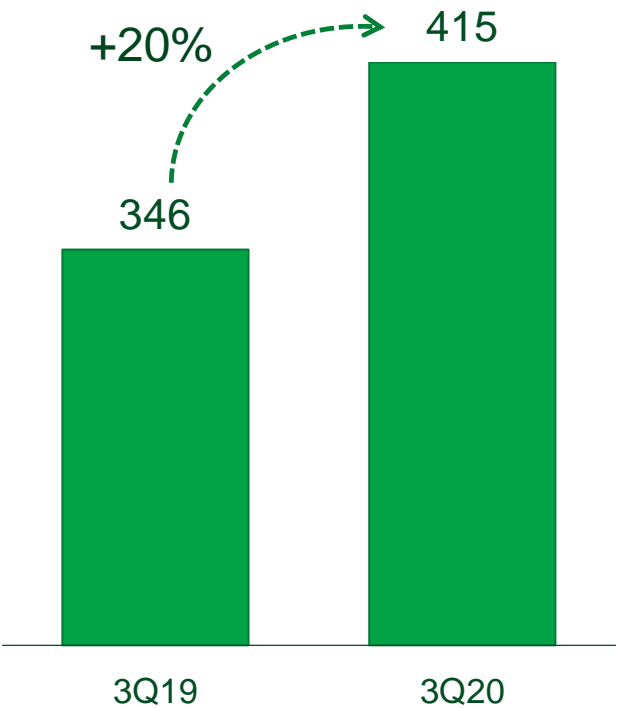
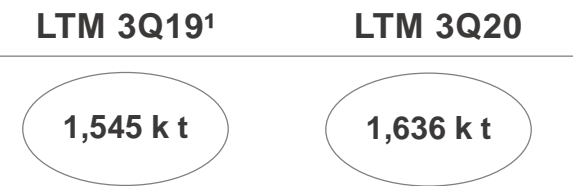
Highlights - Pulp

Production of 1,636 thousand tons over the last twelve months, above the nominal capacity of the plant



Pulp Production

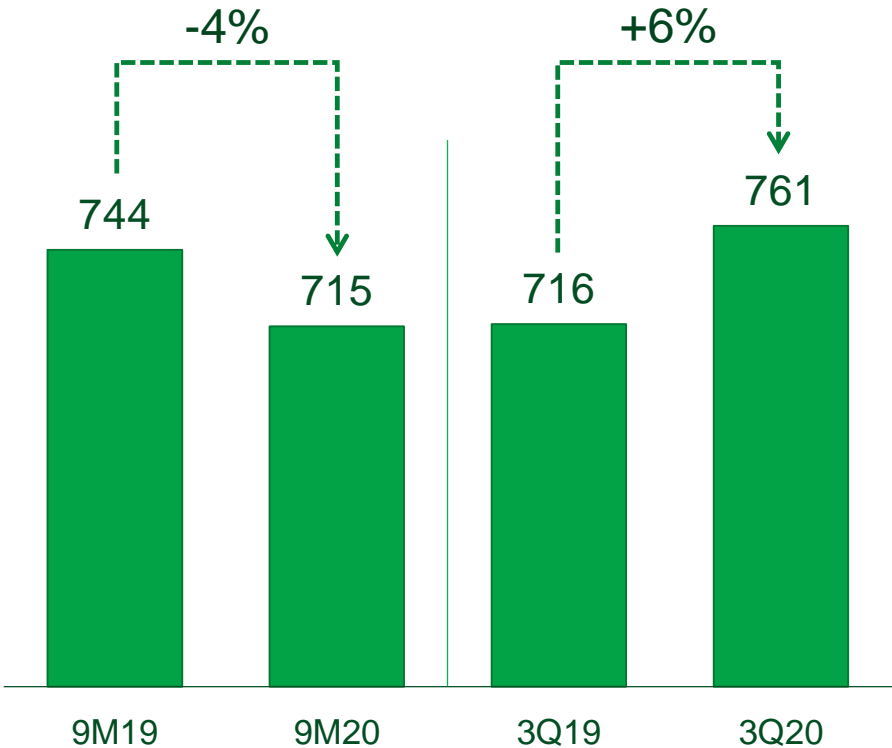
k tonnes



¹ Includes maintenance stoppage executed on 3Q19

Production Cash Cost

R\$ per tonne



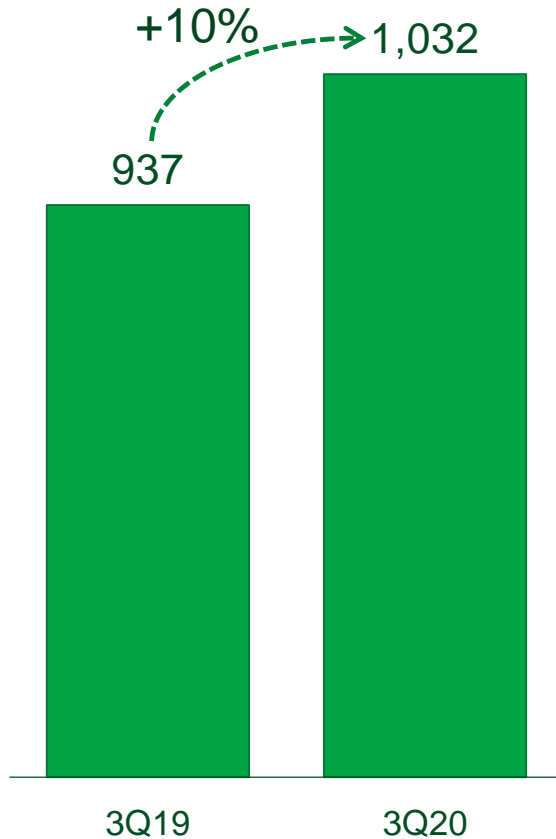
² Based on the average exchange rate for the period

Highlights – Corrugated Boards

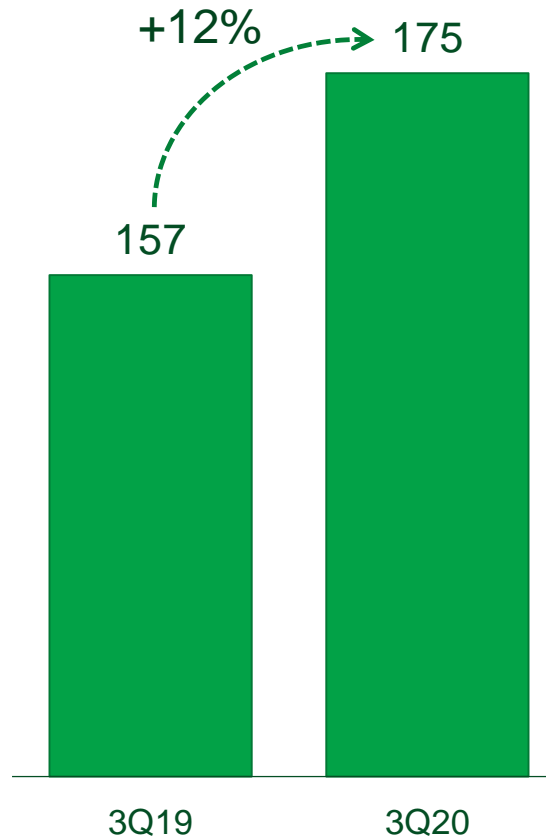
Growth of 12% in sales volume and 17% in revenue compared to 3Q19



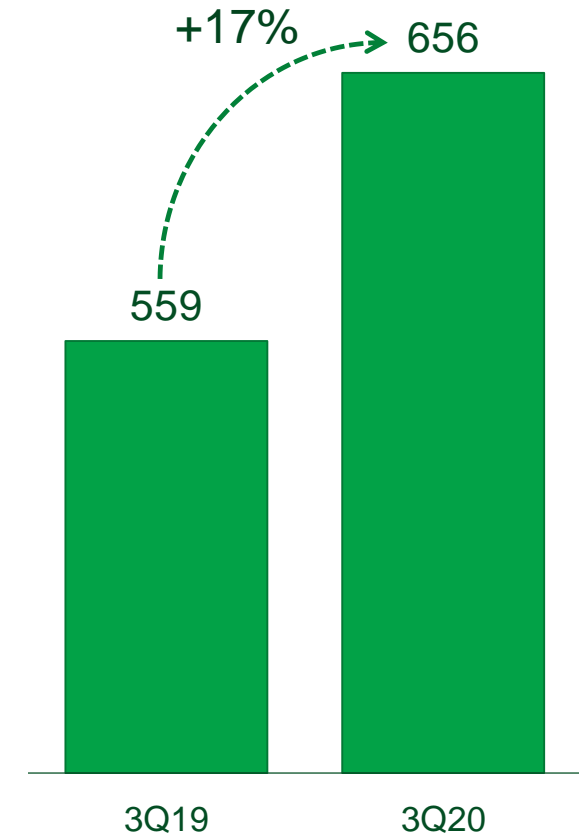
ABPO¹ Shipments
k tonnes



Sales Volume Klabin
k tonnes



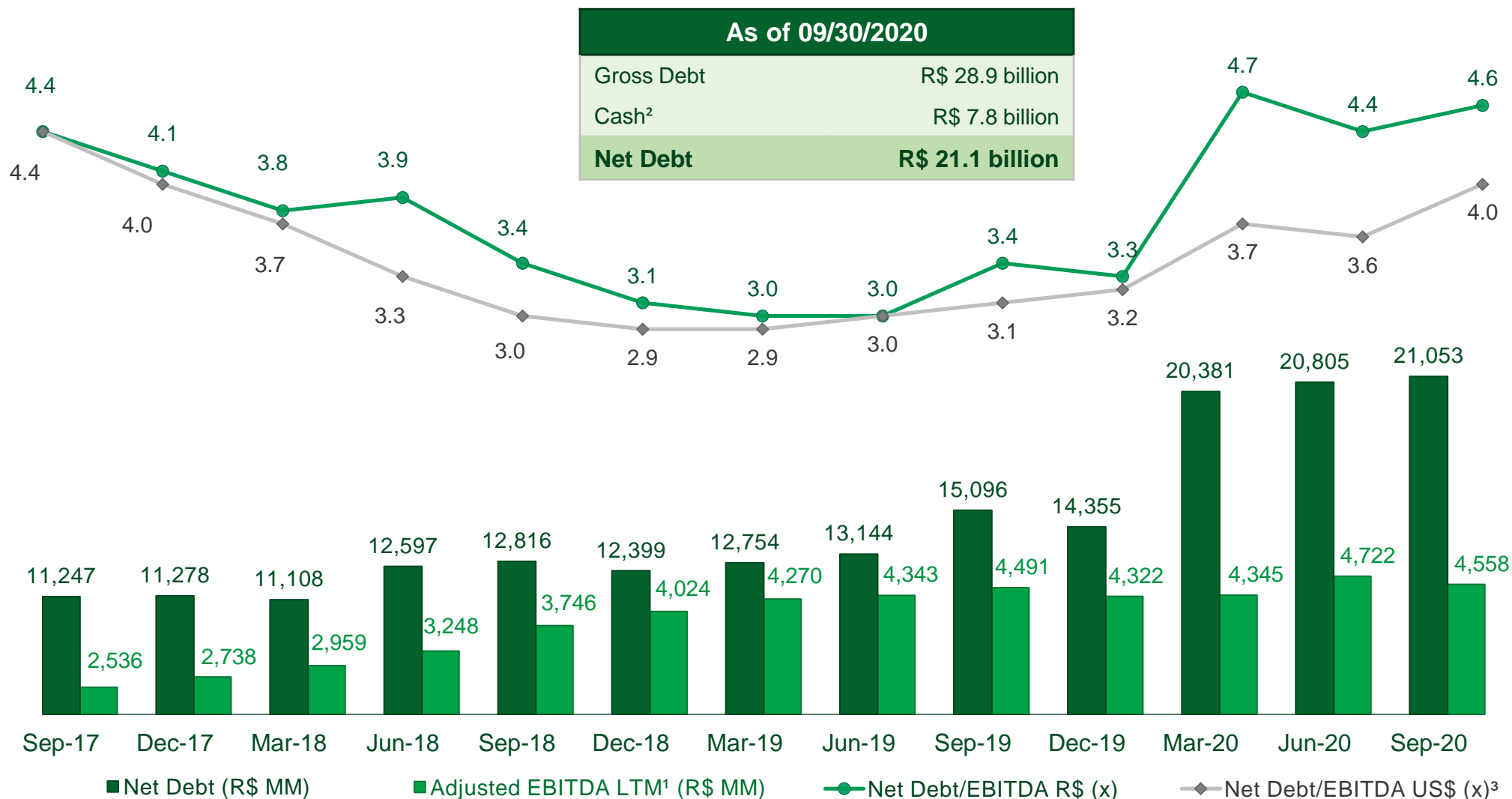
Net Revenue Klabin
R\$ million



¹ Brazilian Corrugated Board Association (*Associação Brasileira do Papelão Ondulado – ABPO*). September/20 preliminary data

Net Debt and Leverage

Stable Net Debt and Leverage within the parameters of the Company's Indebtedness Policy



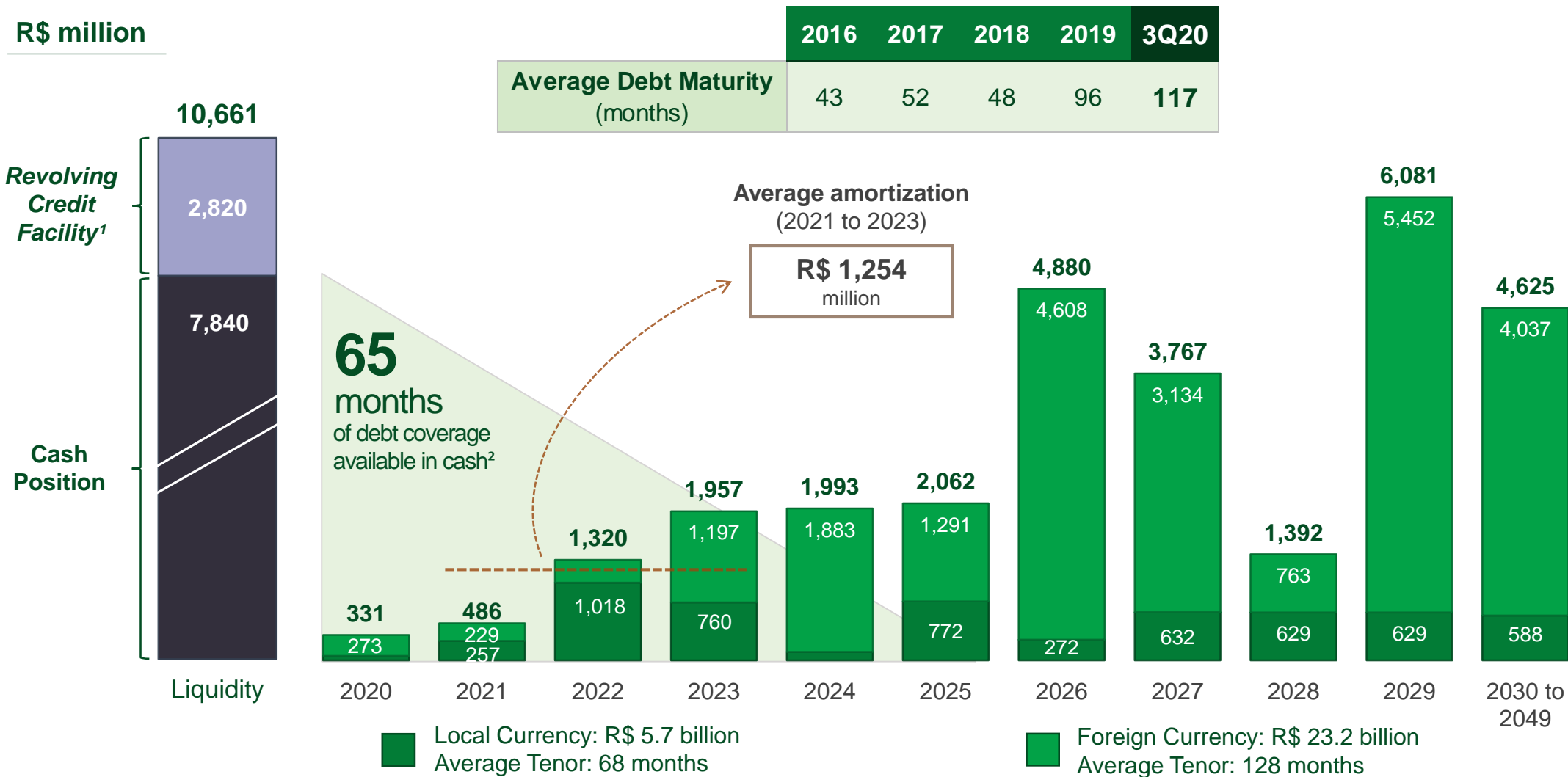
¹ LTM: Last Twelve Months

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

³ Net Debt/EBITDA (US\$): considers the final FX rate for Net Debt and the average FX rate for EBITDA

Debt Maturity

Average debt maturity of approximately 10 years and average amortization of R\$ 1,254 million between 2021 and 2023, Puma II Project's construction period



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

² Excludes RCF's US\$ 500 million availability

Free Cash Flow

Strong cash generation even considering discretionary disbursements

R\$ MM	3Q19	2Q20	3Q20	LTM
Adjusted EBITDA	1.396	1.333	1.233	4.558
(-) Capex	(845)	(998)	(1.348)	(4.017)
(-) Interest paid/received	(191)	(453)	(179)	(1.256)
(-) Income tax	(42)	(3)	(2)	(9)
(+/-) Working Capital	(482)	578	915	1.568
(-) Dividends & IOC ¹	(192)	0	0	(517)
(+/-) Other	(3)	(1)	(19)	(48)
Free Cash Flow	(358)	457	600	279
Dividends & IOC ¹	192	0	0	517
Puma II Project	430	908	1.141	3.130
Special projects and growth	121	4	15	52
Adjusted Free Cash Flow²	385	1.370	1.757	3.978
Adjusted FCF Yield³				18,7%

¹ Interest on Capital

² Disconsiders Dividends & IOC as well as Special and Expansion Projects

³ Adjusted Free Cash Flow of the last twelve months, divided by the company's market value considering the average KLB11 price in the same period (treasury shares are excluded)

ROIC – Return on Invested Capital

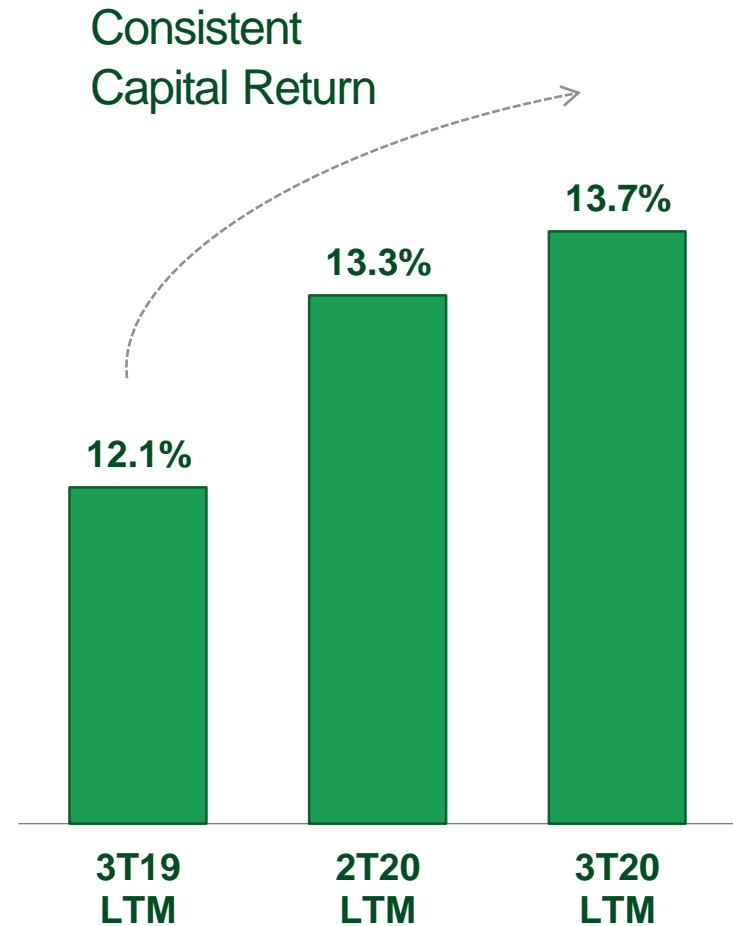
Consistency and discipline in value generation

ROIC (R\$ million) - LTM ¹	3Q19	2Q20	3Q20
Total Asset	32.866	35.762	35.402
(-) Total Liability (ex-debt)	3.667	3.483	3.473
(-) Construction in progress	830	2.424	3.230
Invested Capital	28.369	29.855	28.699
(-) CPC 29 Adjustment ²	1.948	1.745	1.645
Adjusted Invested Capital	26.421	28.110	27.054
Adjusted EBITDA	4.491	4.721	4.558
(-) Sustaining Capex	(1.017)	(938)	(835)
(-) Income Tax and Soc. Contr. (cash)	(285)	(48)	(9)
Adjusted Operating Cash-Flow	3.189	3.735	3.714
ROIC³	12,1%	13,3%	13,7%

¹ Average of the last 4 quarters (Last Twelve Months)

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

³ ROIC (Last Twelve Months): Adjusted Operating Cash-Flow / Adjusted Invested Capital



Puma II Project

57% of the first phase completed and realized capex of R\$ 3.848 billion

Key Highlights 3Q20

- The first packaging paper machine already counts with **57%**¹ of the schedule executed;
- **Start-up** estimated for the month of **July 2021**.

¹ As of 10/21/2020

Realized Capex (R\$ million)				
1Q19	2Q19	3Q19	4Q19	2019
-	288	430	554	1,271

1Q20	2Q20	3Q20	9M20
527	908	1,141	2,577



Aerial view of Paper Machine 27's construction site – first Machine of Puma II Project. Picture as of 10/19/2020

Royalties – EGM 11/26/2020

Approval by independent directors and without direct or indirect participation in Sogemar of new terms for incorporation of Sogemar reflecting agreement with BNDESPar



	2020 Proposal <small>Published: 09/15/2020</small>	Adjusted Proposal <small>Published: 10/26/2020</small>
Common Shares Issued	93 million	69 million ¹
Total Capital Dilution	1.7%	1.3%
Committees Creation ²	No	Yes
EGM Date	N/A	11/26

For more information, access:
royalties.klabin.com.br

¹ Number of common shares to be issued is 69,394,696

² Board of Directors Support Committees to be created: Audit Committee and Related Parties, Sustainability Committee and Compensation Committee

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