



120 anos



PACKAGING BUSINESS ACQUISITION **IP BRAZIL**

Executive Summary

Strengthening leadership in corrugated boxes with value creation for our shareholders



Transaction

Acquisition of **paper for packaging** and **corrugated boxes** businesses from International Paper in Brazil

Capacity

Annual production capacity of corrugated boxes of **305 k tons**, with **6.6% of market share** as of 2018, according to ABPO ¹

Investment

Total amount paid of **R\$ 330 million** equivalent to an estimated **4x EV/EBITDA multiple** after the full capture of synergies

Synergies

Expectation of operations **optimization** through gains capture on **fixed costs, administrative, logistics and commercial expenses**

Leverage

Aquisition paid with its own resources and **no material impact** on the Company's financial leverage

¹ ABPO – Associação Brasileira de Papelão Ondulado - Brazilian Corrugated Boxes Association

Strategic rationale

Growth within Klabin's vocation/DNA, the packaging segment



Businesses combination among the first¹ and third¹, respectively, biggest corrugated boxes producers in Brazil, strengthening our market leadership



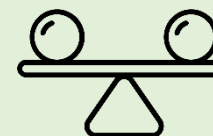
Market-share growth

Increase of participation in brazilian corrugated boxes market



Regional diversification

Klabin's operational kickstart in brazilian midwest region



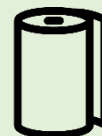
Flexibility and Integration

Lower results volatility across different economic cycles



Atractive Investment

Assets acquired for an amount inferior to one expended on a greenfield project



Industrial footprint optimization

Strategic opportunities to further integrate its existing paper business



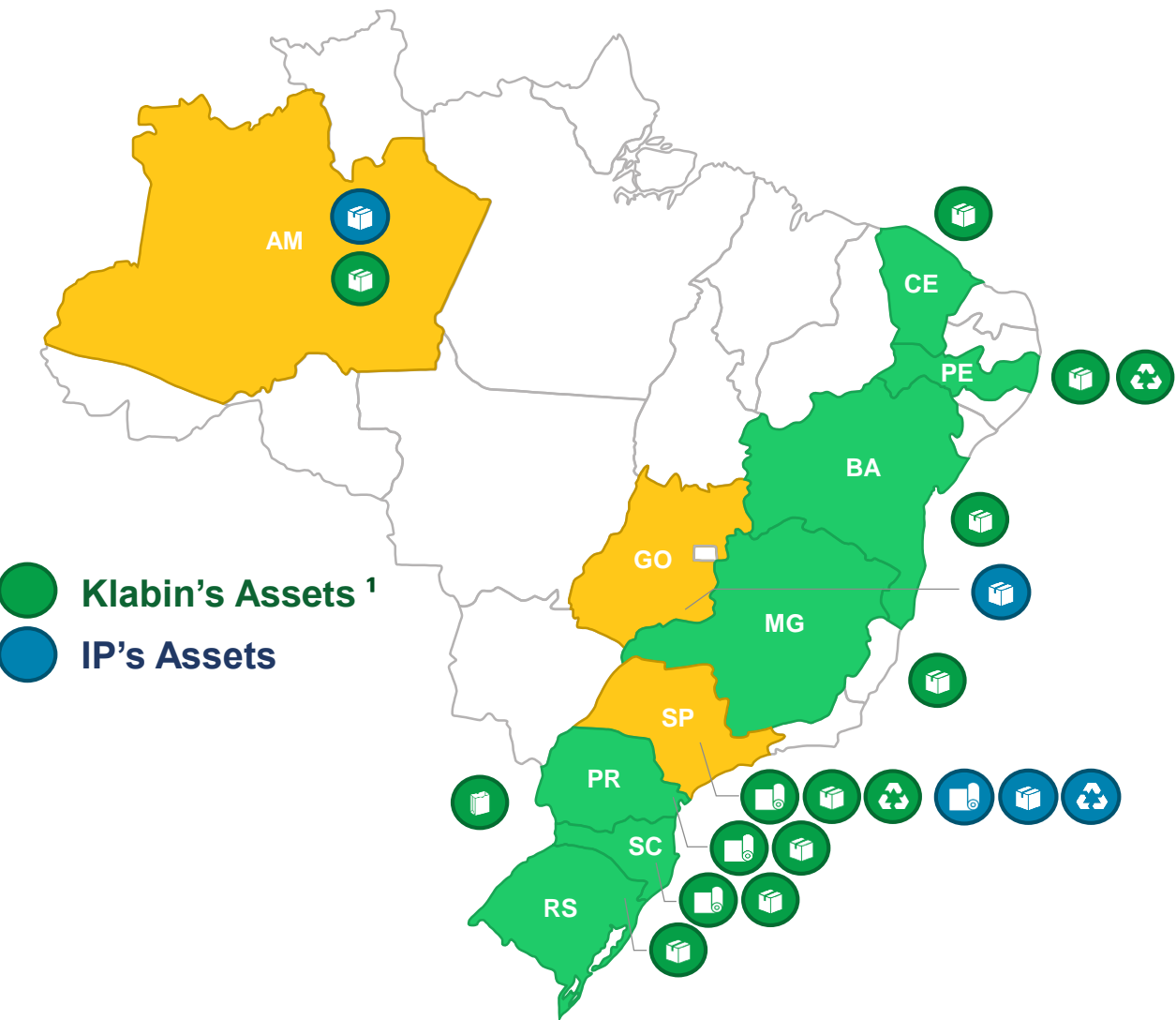
Puma II project

Possibility of integration of part of the paper production from the new paper machines

¹ Source: ABPO

Acquisition overview

Acquisition of 4 corrugated boxes and 3 packaging paper units



Assets nominal capacity International Paper kt/year

<div>Corrugated Boxes</div>		
AM	Manaus	30 kt
GO	Rio Verde	80 kt
SP	Suzano	130 kt
SP	Paulínia	65kt
Total		305 kt
<div>Kraftliner Paper</div>		
SP	Nova Campina	162 kt
Total		162 kt
<div>Recycled Paper</div>		
SP	Paulínia	97 kt
SP	Franco da Rocha	51 kt
Total		148 kt

¹ Only included in the map the paper and corrugated packaging Units of Klabin. Does not include the forestry and pulp operations.

The integration value

The integrated business model contributes to lower volatility in Klabin's results



Price – Corrugated Boxes vs Kraftliner

(R\$/t – From Jan-16 to Nov-19)



Integration = Stability



Greater flexibility of paper integration into corrugated boxes packaging.



Volatility¹ of **2%** in corrugated boxes prices against **14%** in Kraftliner prices from Jan-16 to Nov-19.



Corrugated boxes prices registered a growth of **22%** against a compounded **17%** rise in the IPCA (inflation) index between Jan-16 and Nov-19.

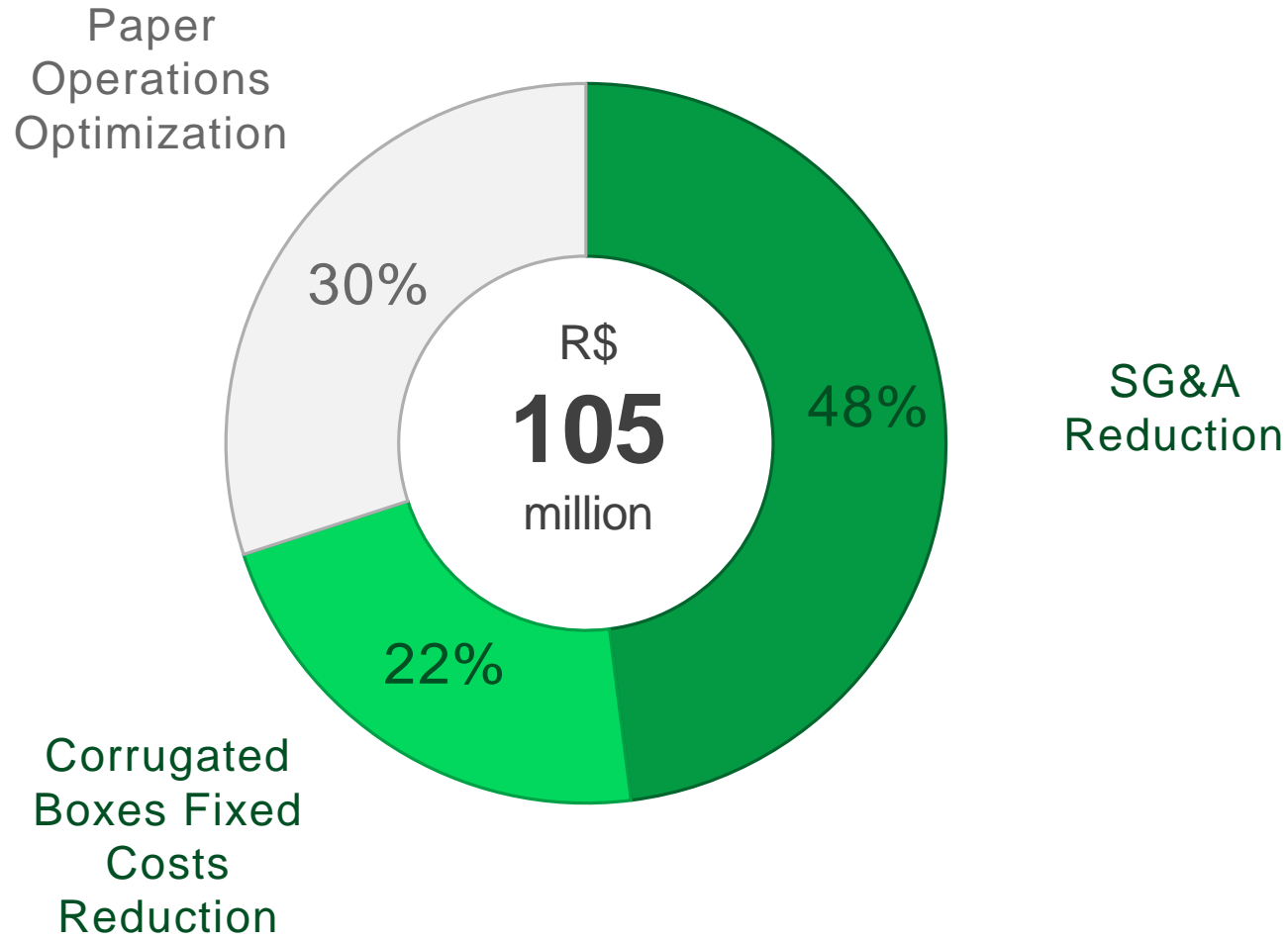
¹ Volatility calculated as annualized standard deviation of monthly prices

² ABPO – Associação Brasileira de Papelão Ondulado - Brazilian Corrugated Boxes Association

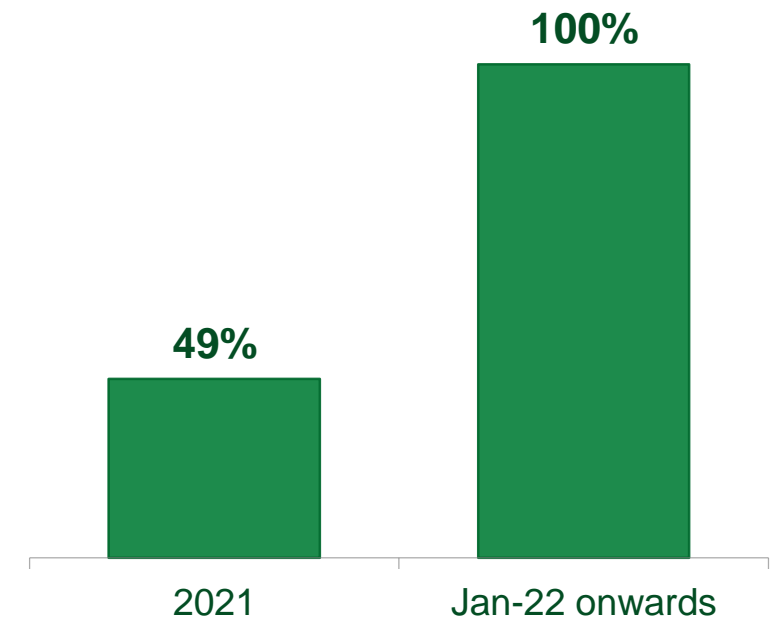
³ Source: RISI

Estimated synergies

Maximization of results through operational optimization



Synergies Progression



Investment

Attractive price in comparison to previous acquisitions and a greenfield project



	Hevi	Embalplan	Organic Growth	International Paper Brazil
Year	2016	2016	N/A	2020
Acquisition Value (R\$ MM)	60	130	655 ¹	330
Corrugated Boxes Capacity (k tons/year)	20	47	205	305
Investment per tonne (R\$ k/ton)	3.0	2.7	3.2	1.1

Source: Pöyry and internal estimates

¹ Based on a 2019 Pöyry study for a cutting-edge greenfield project

APPENDIX

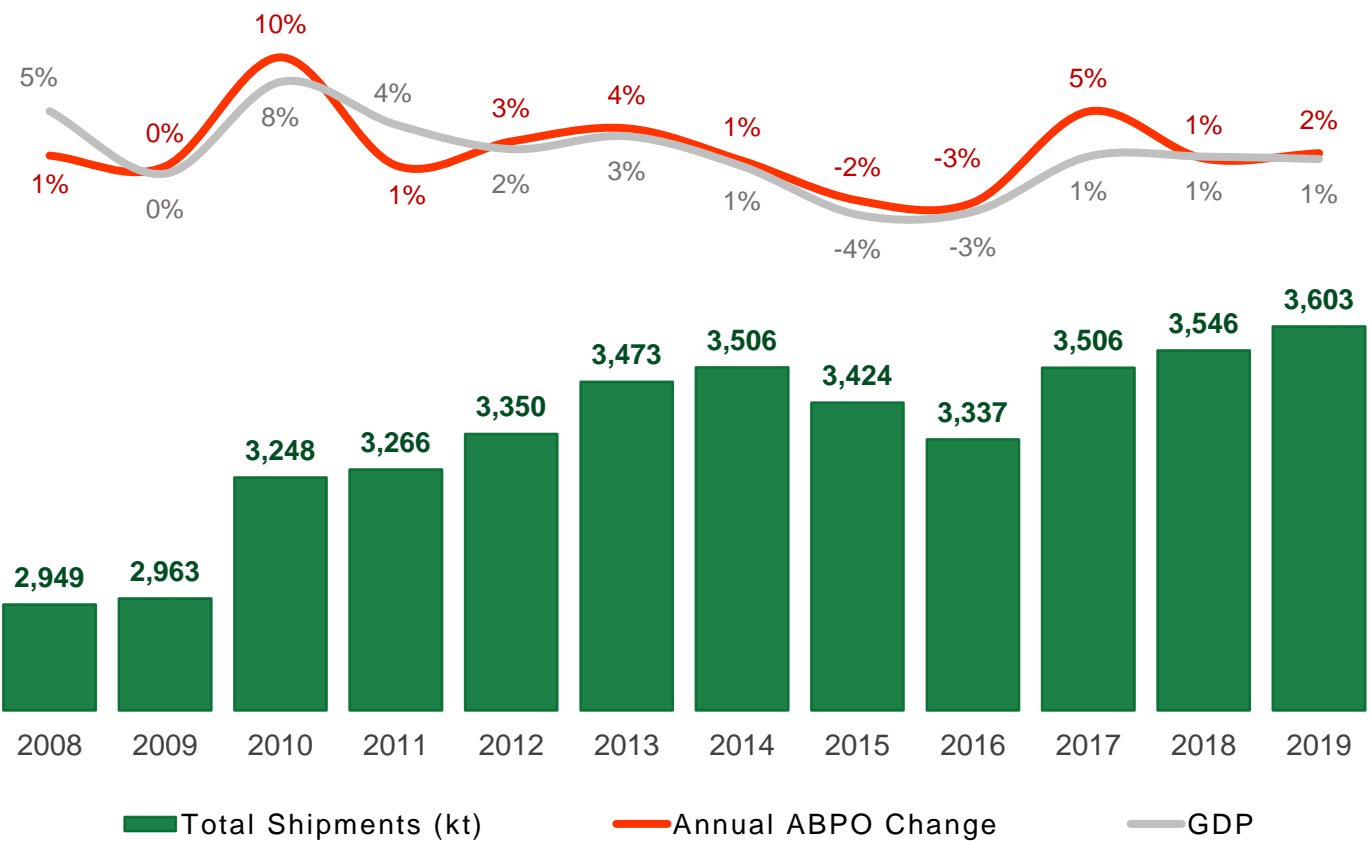
Sectorial View

Brazilian corrugated boxes market



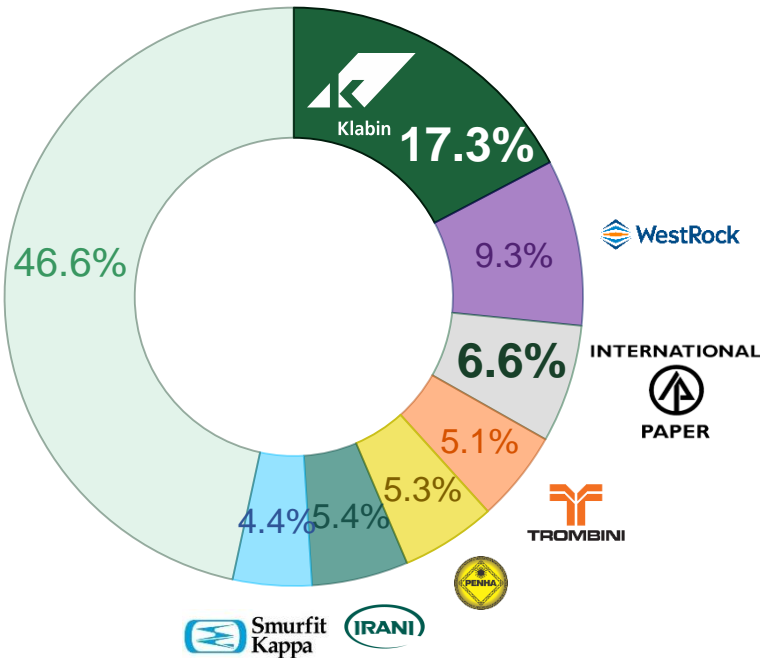
Corrugated Boxes Shipments and Growth

Million Tonnes and Var. %



Corrugated Boxes Packaging¹

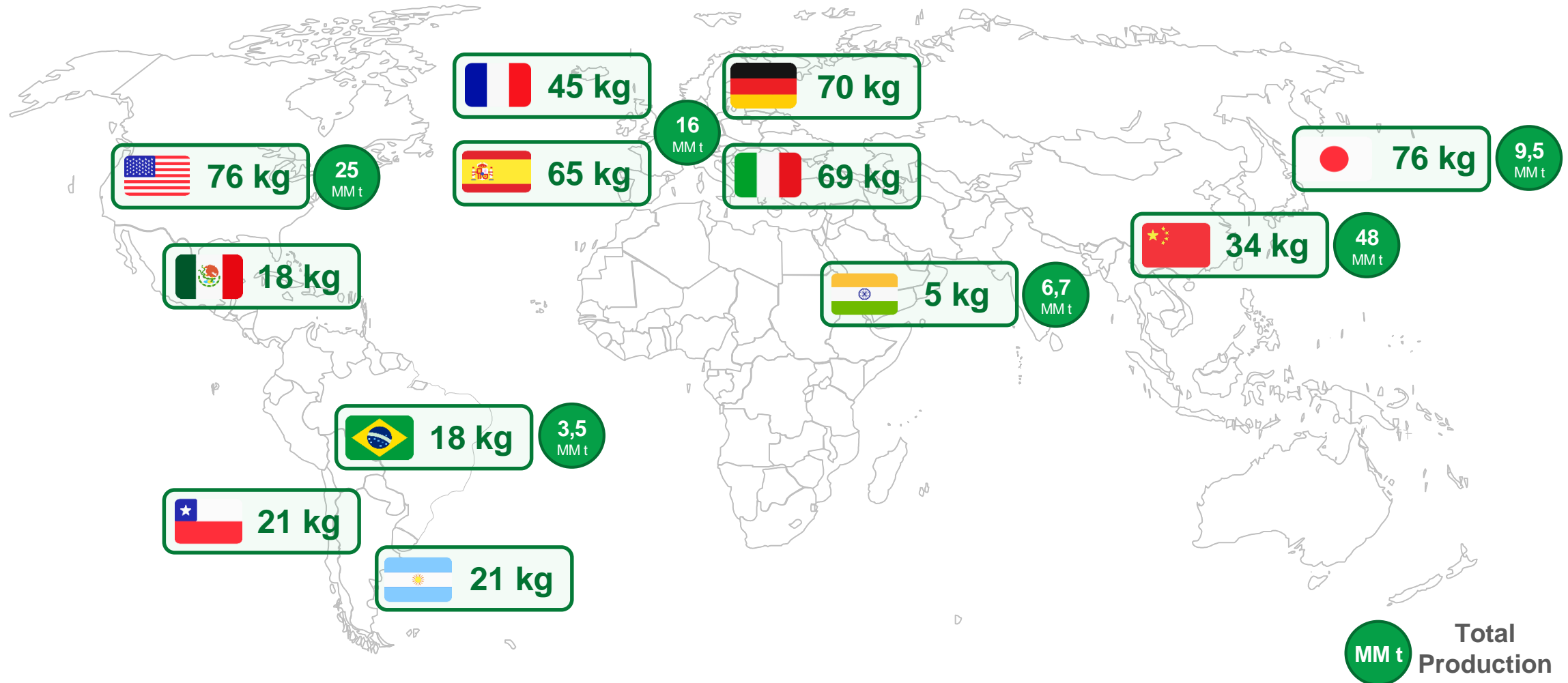
Market-Share in Brazil



Source: ABPO and IBGE
¹ As of 2018

Production per capita¹

Brazil shows potential for growth



Source: International Corrugated Case Association Global Forecast - ICCA 2019

¹ As of 2018



Klabin

INVESTOR RELATIONS

www.klabin.com.br/ir

invest@klabin.com.br

+55 (11) 3046-8401