



120 anos



Klabin

SOGEMAR MERGER

ROYALTIES

10/29/2020

Introduction

Presentation objective



- 1 This presentation aims to provide a summary of the studies, reports, documentation and recommendation of the Working Group of the Board of Directors formed by independent members, thus assisting the analysis of the Management Proposal to be deliberated in the Extraordinary General Meeting of November 26th for the merger of the brand "Klabin" and other six brands¹ owned by Sogemar - Sociedade Geral de Marcas Ltda., under the terms of the respective licensing agreement currently in force.
- 2 The reading of this presentation does not exclude the need to read in their entirety the materials made available by the Company on its Investor Relations website and the Brazilian Securities and Exchange Commission (CVM), both on the Internet.
- 3 The information provided in this presentation is part of the materials made available by the Company on its Investor Relations website and the Brazilian Securities and Exchange Commission.

¹ KLABIN, KLABIN BOARDS, KLABIN CARRIER BOARD, KLABIN FREEZE BOARD, KLABIN LIQUID BOARD, KLABIN RIGID BOARD and KLABIN X RIGID BOARD

Operation Summary and Recent history

Klabin's proposal to be deliberated in EGM by non-partners of Sogemar



Contract Value Royalties

Deloitte estimated the fair value of Sogemar at **BRL 1.046 billion**, according to the discounted cash flow methodology from estimated future Royalties payments.

Sogemar Value Proposal - Sep / 20

As recommended by the Working Group, the value attributed to Sogemar in a Merger proposal of 09/15/20 of **BRL 367 million** (2019 proposal of **BRL 344 million**, updated by the accumulated CDI from Mar/19 to Jun/20). This amount was equivalent to **93 million common shares**, reflecting the average price of the Unit in the 60 days prior to the preparation of the proposal of June 25, 2020

Sogemar Value Adjusted proposal

Agreement announced on 10/15 between **Sogemar and BNDESPAR**, Klabin's largest minority shareholder, to maintain all the terms of the September Proposal, except for the value of incorporation of Sogemar by Klabin, which was reduced to **BRL 274 million**, equivalent to **69 million common shares**, calculated in the same terms of the previous proposal. Only ON shares will be issued and will be subject to a 5-year lock-up. ", In addition on 10/23/20, the Board of Directors decided to create 3 advisory committees.

EGM

Virtual meeting called for **11/26/20** in which shareholders with direct or indirect participation in Sogemar do not vote. Preferred shares will be entitled to vote. Voting shareholders will be able to cast their votes through the Remote Voting Bulletin.

Result

If the proposal is approved, Sogemar's members will receive 69 million Klabin common shares, which will become the holder of the trademarks and patronymic "Klabin, with the consequent extinction of the payment of royalties.

Capital Dilution – Adjusted proposal

Lower shareholder capital dilution



Klabin

Proposal 2019

(million shares)	ON	PN	Total
Total Shares	1.985	3.425	5.410
Treasury	28	112	140
Shares outstanding	1.957	3.314	5.270
Proposal	101	-	101
Shares outstanding	2.058	3.314	5.371
Dilution	4,9%	-	1,9%

Proposal 2020

(million shares)	ON	PN	Total
Total Shares	2.012	3.536	5.548
Treasury	27	106	133
Shares outstanding	1.986	3.430	5.416
Proposal	93	-	93
Shares outstanding	2.079	3.430	5.509
Dilution	4,5%	-	1,7%

Adjusted Proposal 2020

(million shares)	ON	PN	Total
Total Shares	2.012	3.536	5.548
Treasury	27	106	133
Shares outstanding	1.986	3.430	5.416
Proposal	69	-	69
Shares outstanding	2.055	3.430	5.485
Dilution	3,4%	-	1,3%

The proposal is the result of an agreement between SOGEMAR and BNDESPAR, Klabin's largest minority shareholder with 7.5% of the total capital and 14.6% of the voting capital of the Meeting called for 11/26. BNDESPAR, in a private Transaction instrument released on 10/15/20, undertakes not to sell its shares until this EGM is held and to vote in favor of the Merger of Sogemar by Klabin.

Value Creation under Different Perspectives

Current proposal provides value creation under different brand evaluation perspectives



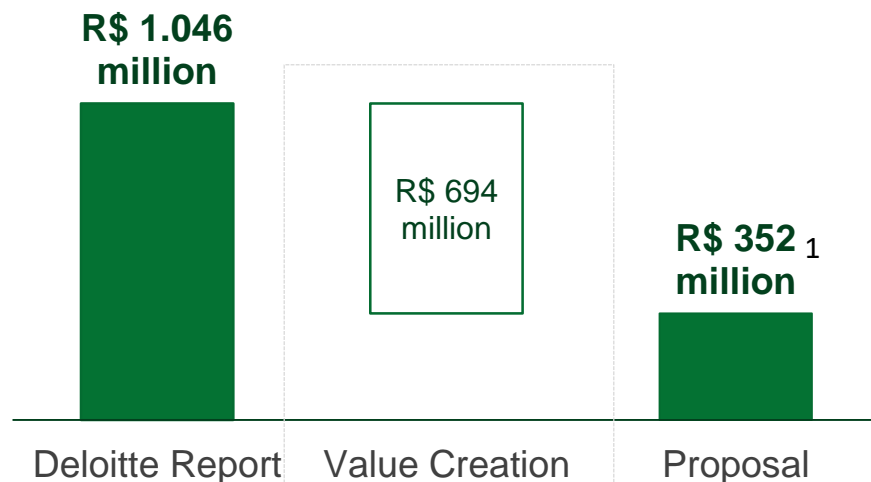
Discounted Cash Flow of the Royalties contract - Deloitte

Value

R\$
1.046
billion

The Deloitte Report identified a value of **R\$ 1.0 billion** for the royalties contract.

Methodology based on discounted cash flow from estimated future Royalty payments



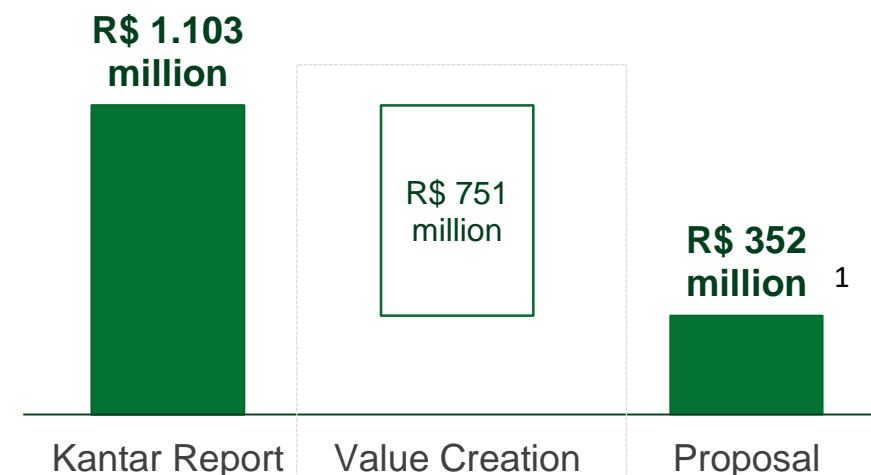
Intrinsic Brand Value - Kantar

Value

R\$
1.103
billion

Kantar report identified a value of **R\$ 1.1 billion** for Klabin brand.

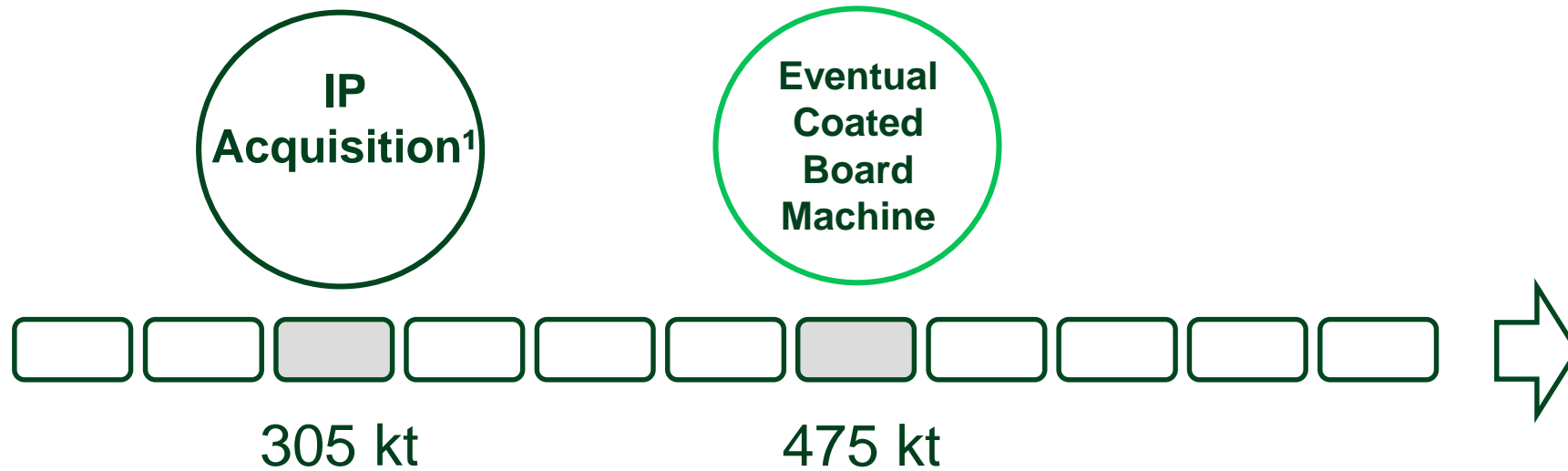
Methodology based on economic profit, applying contribution variables and brand strength



¹ Value of the Adjusted Proposal reflects the number of 69,394,696 common shares, multiplied by the closing price of the unit divided by 5 (KLBN11 - BRL 25.37 / unit or BRL 5.07 / share) on 10/23/20, date of approval of the new terms of the proposal by the independent members of the Board of Directors.

Growth with Greater Return

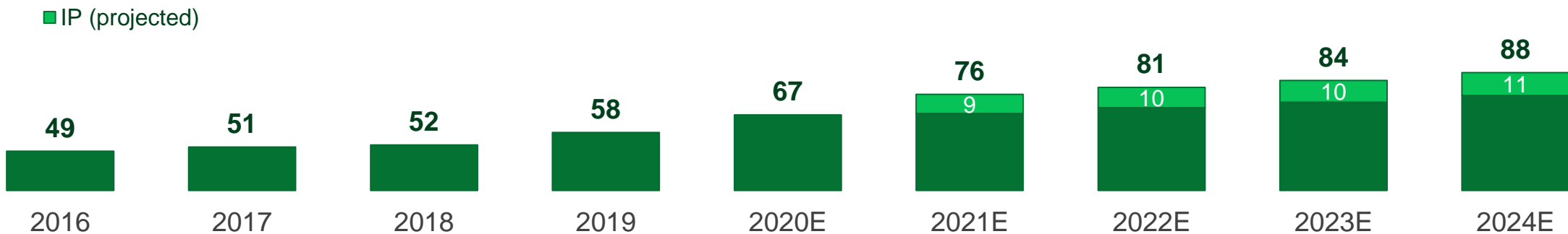
Extinction of royalty payments increases return on expansion projects



Future

Klabin's Strategic Plan idealizes growth in paper and packaging. The non incidence of royalties on Coated Boards and Corrugated Boxes generates **higher return and value creation**

Historical and projected payment flow² - does not consider a potential new coated board machine and/or the second machine of the Puma Project 2 to be a coated board machine (R\$ million)



¹ According to the Notice to the Market published on March 29th, 2020

² Based on the Company's pluriannual budget projections

Merger of Sogemar into Klabin

Value generation, transparency in the process and improvement of Corporate Governance



VALUE GENERATION

Considering the quotation of the unit on 10/23¹, the value of the transaction of **R\$ 358 million** represents a discount of more than **65%** in relation to the value of the valuations using the discounted cash flow method² and the intrinsic value of the brand³

HIGHER RETURN

Higher return on future capacity expansion projects in Coated Boards and Corrugated Boxes, since there will be **no incidence of royalties**

CORPORATE GOVERNANCE

Important step in the **improvement of corporate governance practices** - conclusion of relevant **transaction between related parties** and **creation of Audit / Related Party Committees, Sustainability and Remuneration**

NO CASH DISBURSEMENT

Proposal format, with payment through the issuance of shares, **will not impact the Company's leverage**. Five-year lock-up also prevents overhang in share price

TRANSPARENCY

Terms and conditions in line with the recommendation issued by the Working Group consisting only independent members, who do not have direct or indirect participation in Sogemar. **Independent evaluations and publicity** of information for the due appreciation of all minority shareholders

¹ As shown on slide 5

² Based on Deloitte report with DCF methodology

³ Based on Kantar's report of assessment of intrinsic value of the brand



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Klabin

ROYALTIES

**HISTORICAL BACKGROUND
AND ADDITIONAL
INFORMATION**

How does the current royalty payment work?

General Structure of the Trademark License Agreement

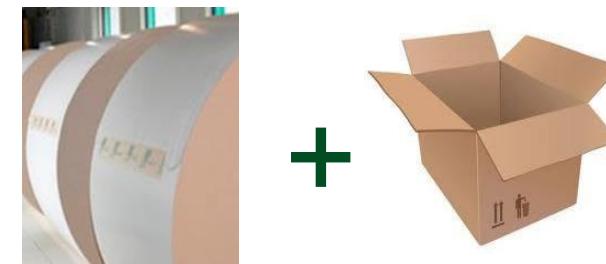


Klabin

KLABIN has a trademark licensing agreement with Sociedade Geral de Marcas ("Sogemar") and Klabin Irmãos & Cia. ("KIC")

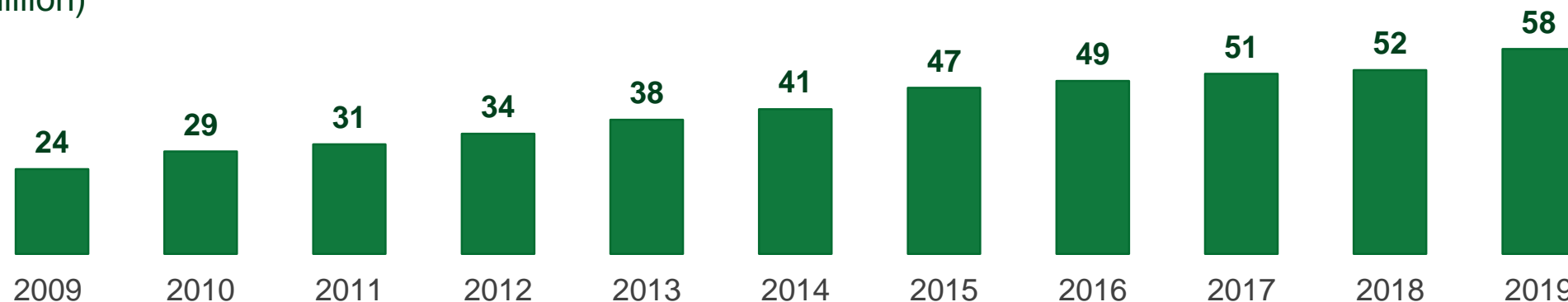
- Sogemar, KIC and Klabin S.A. are companies under common control
- Both companies signed a License Agreement for Brand Use
- Payment of royalties of 1.3657% over net sales of Coated Boards and Corrugated Boxes

Coated Boards + Corrugated Boxes



1.3657%

Payment Flow¹ (R\$ million)




¹ Information on payment flow is public and is contained in the Company's financial statements, as well as in items 7.5, 9.1 and 16.2 of the Reference Form

Recent Record and Constitution of the Working Group




Klablin


Recent history and curriculum of the independent members who joined the Working Group

2019
(April)  **Election of the Board of Directors, with new independent members**


Constitution of the **Working Group** formed only by **independent members** of the Board of Directors who do **not have direct or indirect participation in Sogemar**


Jun-19  **Recommendation of the Working Group to the Board of Directors**

Dec-19  **Publication of Documents and deliberation on the Resumption of Negotiations**

Apr-20  **Approval of the terms of the negotiation between Klablin's Executives and Sogemar by the Company's Independent and non-conflicted board members**

Jul-20  **Sogemar and BNDESPar reach an agreement to adjust the proposal with a reduction in the number of shares and creation of Advisory Committees in the Board of Directors**

Oct-20  **Call for EGM based on the new terms to deliberate on the incorporation of Sogemar and extinction of the payment of royalties**

2020
(26/Oct) 

Amaury Guilherme Bier

Managing Partner of Gávea Investimentos Ltda., member of the Investment Committee of Gávea Investimentos long-term funds (GIFs), the Risk Committee and the Executive Committee. He was executive director of the World Bank, IFC and MIGA and executive secretary of the Ministry of Finance. He was Secretary of Economic Policy of the Ministry of Finance and Chief Economist of the Ministry of Planning and Budget. In the private sector, he was chief economist of Citibank Brazil and partner of the consulting firm Kandir & Associados. [...]

Francisco Amaury Olsen

Former CEO of Tigre S.A.; Member of the Board of Duratex S.A. and member of the Committee of People, Governance and Appointment, Committee of Sustainability and of the Committee for Evaluation of Transactions with Related Parties; Vice Chairman of the Board of Martins Comércio e Serviço de Distribuição S.A., Chairman of the Audit, Risk and Finance Committee, and, Member of the Integration Committee. [...]

José Luis de Salles Freire

Founding partner of TozziniFreire Advogados. Chairman of the Board of Directors of the Center for Studies of Law Firms (CESA), Vice-President of the Executive Board of the Institute for International and Comparative Law of the Center for American and International Law, member of the Corporate & International Trade and Banking & Finance Committees of the Pacific Rim Advisory Council (PRAC), member of the International Bar Association (IBA), member of the Inter-Pacific Bar Association (IPBA), member of the New York State Bar Association (NYSBA). [...]

Mauro Gentile Rodrigues da Cunha

Graduated in Economics from Pontifícia Universidade Católica do Rio de Janeiro and MBA from the University of Chicago, he was President of AMEC - Association of Investors in the Capital Market - from 2012 to 2019. In his professional career he worked as a manager at Opus Investimentos, was Chairman of the Board of Directors of IBGC - Brazilian Institute of Corporate Governance, besides having worked in several investment banks and consulting firms. [...]

Pedro Oliva Marcilio de Sousa

He is founder and director of CRD Asset Management Ltd., was director of the Securities and Exchange Commission, vice president of the investment banking division of Goldman Sachs and was managing director of Banco Standard. He served as Director of BR Partners Group, was a member of the Audit Committee of B3 S.A. and member of the Audit Committee of Companhia Brasileira de Distribuição. Since June 2017, he has been a director of Braskem S.A. [...]

Vivian do Valle Sousa Leão Mikui

Bachelor of Law by Faculdades Metropolitanas Unidas - FMU (1988) and Bachelor of Business Administration by Instituto Presbiteriano Mackenzie (1998). Partner of the law firm Leão e Tohmé Advogados Associados Ltda, for 15 years. Member of the Fiscal Council of Klablin S.A. since March/2005. [...]

¹ Amaury Guilherme Bier was a Klablin's Board Member from abr-19 to jul-20

Evaluation Process and Documents

Members of the Independent Working Group carried out an in-depth analysis of the topic



Main Evaluated Documents and Recommendation

1 Royalties Contracts

- ✓ Brand Licensing Agreement - 1995
- ✓ Brand Licensing Agreement - 2000
- ✓ Amendment to Brand Licensing Agreement - 2002

3 Technical Opinions

- ✓ **Intellectual property and trademark aspects**
 - ✓ José Roberto Gusmão
 - ✓ Karin Grau Kuntz
- ✓ **Corporate Aspects**
 - ✓ José Tavares Guerreiro
- ✓ **Kantar Evaluation**
 - ✓ Rodrigo Amantea

2 Appraisal Reports

- ✓ **Kantar Report**, containing:
 - Klablin Brand Intrinsic Value
- ✓ **Apsis Report 2019**, containing:
 - Requested reports by Brazilian S/A Legislation
- ✓ **Deloitte Report 2019**, containing:
 - Royalties Contract DCF

4 Recommendation

- ✓ Majority Recommendation of the Working Group members
- ✓ Recommendation of the member Mauro Cunha

¹ All documentation is public on CVM and Klablin's Investor Relations websites.

Disclaimer



This material is a presentation and contains general information about Klabin S.A. prepared on the date of this presentation. This information is summarized and is not intended to be complete, and should be read in conjunction with all other documents released by Klabin S.A. for the Extraordinary General Meeting to be held on October 30, 2020. No statement or guarantee, whether expressed or implied, is performed in relation to the accuracy, impartiality or comprehensiveness of the information contained herein.

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