

KLABIN

1Q24 Preview: Ahead of the curve

LatAm Pulp & Paper

Main takeaways:

(i) Reactivation of machines and improvement in Kraftliner conditions; (ii) Conversion trend in corrugated boxes; (iii) We project an increase in paperboard sales; (iv) Industrial bag sales will still face setbacks; (v) Despite more favorable momentum for pulp, volume will be impacted by maintenance; (vi) Improved pulp prices will partially offset reduced shipments; (vii) Revenue will probably fall slightly q/q; (viii) COGS/t ex stoppages: up q/q driven by lower pulp volumes; (ix) With stoppage in 1Q24, we expect total COGS/t to show an increase; (x) Projected EBITDA grows y/y in paper & packaging, but falls in pulp business division; (xi) Net Income expected to grow q/q and contract y/y; (xii) With a **24E EV/EBITDA of 7x** (vs. a historical average of 7.3x), we infer that **EBITDA 24E improvement are already almost entirely priced in**, and with little detachment to the historical multiple. We are **downgrading our rating to NEUTRAL**, with a **12M Target Price of R\$27.00** (vs. R\$26.35 previously), which implies a **narrower upside of +9.67%**.

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Company

KLBN11 BZ Equity

Neutral

Price: R\$ 24.62 (19-Apr-2024)

Target Price 12M: R\$ 27.00

Klabin will release its **1Q24 results on April 25**, before the market opens. Regarding Our estimate is for a **result with a slight decrease q/q in revenue and EBITDA**. We should remember that the 3Qs/4Qs always mark the best quarters from a seasonal point of view for the paper & packaging business, so for 1Q24 it is **natural to see a retraction on a sequential basis**. On a **y/y basis**, we project **higher volumes for almost all components of the product mix**, apart from industrial bags and BHKP. However, even with the operational improvement, our analysis indicates a **drop in all P&L lines** (Revenue, EBITDA and Net Income), because of a dynamic driven mainly by lower revenue from the pulp and industrial bags operation.

Table 1. Shipments Summary (1Q24 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.				
Summary (Shipments)	1Q24E	4Q23	% q/q	1Q23	% y/y
Kraftliner	103,2	99,2	4,0%	91,1	13,2%
Paperboard	203,1	197,7	2,7%	171,7	18,3%
Corrugated boxes	215,0	215,2	-0,1%	205,3	4,7%
Industrial Bags	32,4	31,8	1,7%	39,0	-17,0%
BHKP Pulp	262,3	298,0	-12,0%	271,1	-3,3%
BSKP + Fluff Pulp	110,5	114,2	-3,3%	102,0	8,4%

Source: Genial Investimentos, Klabin

Table 2. Income Statement Summary (1Q24 Genial Est.)

(R\$ millions)	Genial Est.				
Income Statement	1Q24E	4Q23	% q/q	1Q23	% y/y
Net Revenue	4.466	4.500	-0,8%	4.831	-7,6%
Adjusted EBITDA	1.677	1.683	-0,4%	1.942	-13,7%
Net Income	417	375	11,3%	1.262	-66,9%

Source: Genial Investimentos, Klabin

Valuation and recommendation. In line with the preliminary analysis contained in the introductory section, we point out that even with stronger volumes in Kraftliner and Paperboard, driven by the **MP28ramp-up**, even so the **(i)** more challenging cement market, which ends up influencing demand and pricing for industrial bags, as well as **(ii)** worse price conditions for BHKP pulp compared to a year ago, will together configure a scenario of a **high single-digit y/y drop in total consolidated revenue**. According to our projections, net revenue should be R\$4.4bn Genial Est. (-0.8% q/q; -7.6% y/y).

As for the **packaging** unit, we should see it move from the most favorable seasonal period of the year (3Qs / 4Qs) to a quarter with **lower demand** (1Q). Regardless of this, we believe that the company will continue to adopt the same trend observed last quarter, of prioritizing the **conversion of paper into corrugated boxes**, and thus **tactically reducing the volume of kraftliner production**, given the price dynamics.

Over time, this situation should lead to slightly **more marginal production for Kraftliner**, since there is a tradeoff at MP28 between producing one type of paper or another, even with the possibility of production on this particular machine being interchangeable. Even so, as there is a **natural delay** for Klabin's **customers to approve the production of paperboard** on a new machine, a still resilient volume of Kraftliner should remain within MP28's production mix in the short term.

We would point out that **2023 was a very difficult year for Kraftliner pricing**, with additional capacity coming on stream and logistical bottlenecks being unblocked after the pandemic, freeing up a supply surplus, factors that unbalanced the international market, as we have described in several previous reports. In 4Q23, after having already suffered some quarters with very anemic prices in the containerboard division (Kraftliner + recycled), we saw the company cut capacity in some machines. These included MP29, MP30 and MP17, all recycled paper machines. In addition, the company also stopped production on the MP1 kraftliner machine, for the same reason (weak margin dynamics).

In 2024, Klabin restarted its machines in January, in line with the improvements seen in the market and the desire to dilute fixed costs by increasing volume, affecting COGS/t. Although we project a drop in Kraftliner prices for 1Q24, the **company has already announced price increases for 2Q24**, with pass throughs of €50/t (or ~R\$280/t) in Europe and US\$60/t (or ~R\$310/t) in other regions.

Despite the improved market conditions, 1Q24 will see a contraction in prices, due to the redirection of volumes to regions with historically lower prices, awaiting price adjustments in 2Q24. In the domestic market, this strategy will also lead to lower realized prices for kraftliner compared to the international market, since the gap was high and is only now narrowing.

Even if Kraftliner starts to show signs of improvement in 2024, we expect prices for paperboard and corrugated boxes to remain stable, possibly even below inflation rates, although we project higher volumes for Klabin than the growth expectations of its paper market peers. To summarize, regarding price, we foresee an interesting recovery in kraftliner and pulp (BHKP and BSKP) in 2024, in contrast to the stability expected in the paperboard and corrugated box segments.

Even so, the growth in shipments, with the **ramp-up of MP28 and the Figueira project** (we'll comment more on this in the "Our Take" section), should boost revenue, and cause a drop in COGS/t vis-à-vis the improvement in fixed cost dilution capacity, **raising 24E EBITDA to R\$7.4bn Genial Est.** (vs. R\$6.6bn in the previous estimate), which makes up a **strong growth of +17.2% y/y.**

We attribute the **strong performance of Klabin's shares**, which not only recovered from the fall caused after the 2023 Investor Day, but also well exceeded the price level of days before the event, **due to the following 5 points:**

(i) Improvement in the pulp price curve, as well as (ii) progress in the growth methodology, through the ramp-up of MP28, driven by the strategic choice of prioritizing a higher value-added mix when converting paperboard to corrugated boxes, which have a very attractive market. We also highlight the (iii) signs of progress in the kraftliner market, with announcements of adjustments for 2Q24, in addition to the (iv) Caetê project, which generates a positive NPV of R\$2/per share, which corresponds to ~8.5% of value over the Market Cap. at the time it was announced, about only ~15 days after Investor Day. The project should bring synergies with the utilization of standing timber from Arauco's comparative lands and partially reduce the need to buy third-party timber, improving the cost curve vs. previous estimates. Finally, we updated our estimates for (v) the **Figueira project**, which (alone) contributed **+R\$0.30 to our new 12M Target Price.**

In addition to the Figueira project, the **updating of our pulp curve** also led to an **increase in our 12M Target Price of +R\$0.25**, although less linked to this particular variable compared to Suzano. Other changes to the assumptions we made also consider the continuous improvement in the **PM28 ramp-up process + price pass-through in Krafliner** for 2Q24, in turn leading to an **increase of +R\$0.10**. If we add all the effects together (Figueira project + new pulp curve + ramp-up of shipments + readjustment in krafliner), our **12M Target Price** becomes **R\$27.00** (vs. R\$26.35 previously).

With a **24E EV/EBITDA of 7x** (vs. a historical average of 7.3x), even in the face of the improvement in our Target Price, the **strong performance of the shares** (~18% up in 5M) still seems to remove much of the safety margin we see from a fundamentalist point of view for the shares within the **12M timeframe**. We don't dislike the Investment Thesis, but for now, we infer that the **EBITDA 24E** improvement movements to **R\$7.4bn Genial Est.** (vs. R\$6.6bn in the previous estimate) **are already almost entirely priced in**, and with almost no detachment from the historical multiple. We are **downgrading our rating to NEUTRAL**, with a **12M Target Price of R\$27.00** (vs. R\$26.35 previously), which implies a **narrower upside of +9.67%.**

1Q24 Preview: In detail!

Reactivation of PMs and improvement in Kraftliner conditions. We found out that the containerboard production paper machines-PMs (Kraftliner + recycled) that were shut down in 4Q23 ended up being turned back on in January, as Klabin seems to have noticed an improvement in market conditions, a decision that was also weighted by the benefit of the ability to dilute fixed costs. As a result, we expect 1Q24 to bring an improvement in kraftliner sales, with our model reaching 103Kt Genial Est. (+4.0% q/q; +13.2% y/y), since the restarting of PMs and the ramp-up of PM28 should help make up this advance in production, although restrictions at ports have hampered export shipments, which could have been even higher. The price side will still suffer in 1Q24. We are projecting R\$3,316/t Genial Est. (-2.5% q/q; -26.1% y/y).

Conversion trend in corrugated boxes. We believe that a significant part of the kraftliner produced should be converted into corrugated boxes, which arrives in our model with a sales volume of 215Kt Genial Est. (-0.1% q/q; +4.7% y/y). This strategy is aimed at the company's preference for a higher value-added mix and should reduce the disparity that we would normally see in relation to the volume contraction q/q that would be usual in Q1 due to the reduction in seasonal momentum. For price, our projection is R\$5,844/t Genial Est. (+0.3% q/q; -1.4% y/y), with sequential stability.

We project an increase in paperboard sales. The ramp-up of PM28 (Puma II project) will continue in 1Q24, to deliver a higher sales volume, mainly in paperboard, of which we project growth on both a sequential and annual basis, to 203Kt Genial Est. (+2.7% q/q; +18.3% y/y). In the short term, we still expect the tradeoff at PM28 between kraftliner vs. paperboard production, mainly linked to the delay in customer approval of on the product specifications. Even so, we assume that the company will gradually increase the pace of the shift towards increasing the penetration of paperboard volume vs. total PM28 production, in line with last quarter. In addition, we forecast a drop in price, to R\$5,445/t Genial Est. (-2.0% q/q; -3.1% y/y), due to the sales mix and difficulties in passing on inflation.

Sales of industrial bags will still face setbacks. We expect the volume of industrial bags to show a slight sequential increase, reaching 32.4kt Genial Est. (+1.7% q/q; -17.0% y/y). Following a trend from last quarter, Q1 ended up being months in which the rains intensified again, and the volume of construction work slowed down, leading to slightly milder figures, given the driver of cements for industrial bags. We stress that the cement market remains very challenging, and price discounts have probably been realized. We project a low single-digit contraction movement, at R\$8,877/t Genial Est. (-2.0% q/q; -2.0% y/y).

Despite the more favorable momentum for pulp, volume will be impacted by maintenance. We expect pulp volumes to slow down, since shipments had already exceeded the quarterly production capacity of ~400kt in 3Q23 and were close to the cap in 4Q23, which were components of carry over. In addition, Klabin experienced a reduction in pulp production volume in 1Q24 due to setbacks faced by its machinery, leading to unexpected maintenance stoppages. For BHKP, we project 262.3kt Genial Est. (-12.0% q/q; -3.3% y/y) and for BSKP + Fluff, our model indicates 110.5kt Genial Est. (-3.3% q/q; +8.4% y/y).

Improved pulp prices will partially offset reduced shipments. After quarters of sharp declines (2Q23 and 3Q23), last quarter had already shown a trend towards recovery. We would point out that due to the impact of supply restrictions caused by port and logistical difficulties in Finland (a major pulp producer), strikes at UPM plants and a gas explosion that paralyzed a Metsä plant for ~12 weeks (~360Kt of impact), the price of pulp has been recovering very strongly, reversing fears of excess supply in the short term, with demand in China and Europe quite robust. Klabin followed the movement of the big pulp market players, such as Suzano, and passed on the price adjustments. We anticipate a sequential increase in BHKP and BSKP prices. Our projection is that the price of BHKP will reach R\$2,995/t Genial Est. (+3.6% q/q; -26.0% y/y), while the price of BSKP will clocking in at R\$5,072/t at Genial Est. (+13.3% q/q; -15.6% y/y).

Revenues will probably fall slightly q/q. With the continued ramp-up of MP28 partially offsetting the downward trend in shipments due to seasonality, we estimate an increase in paper segment revenue to R\$1.4bn Genial Est. (+0.8% q/q; +5.4% y/y). With an opposite trend, in packaging, we forecast a lateralization in revenue due to better volumes partially erased by weaker price dynamics (mainly in industrial bags), reaching R\$1.5bn Genial Est. (+0.1% q/q; -1.7% y/y). In the case of pulp business division, revenues should fall to R\$1.3bn Genial Est. (-2.0% q/q; -21.3% y/y). Unlike the paper business, even with the price increase, the projected reductions in shipments would not fully compensate for the situation regarding unexpected downtime for machine maintenance. With a slightly negative mix between the trends, Klabin's total consolidated revenue should therefore decrease compared to last quarter and on a yearly basis, clocking in at R\$4.4bn Genial Est. (-0.8% q/q; -7.6% y/y).

Table 3. Net Revenue Klabin (1Q24 Genial Est.)

(R\$ Millions)	1Q24E	4Q23	% q/q	1Q23	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	4.466	4.500	-0,8%	4.831	-7,6%
Paper	1.448	1.436	0,8%	1.374	5,4%
Packaging	1.544	1.542	0,1%	1.571	-1,7%
Pulp	1.346	1.373	-2,0%	1.711	-21,3%
Wood	44	46	-3,4%	21	109,9%
Others	84	103	-18,9%	154	-45,7%

Source: Genial Investimentos, Klabin

COGS/t ex. stoppages: up q/q due to lower pulp volumes. We continue to highlight healthy trends in the dynamics surrounding the PM28 ramp-up, especially a decrease in fixed costs linked to paper production and Klabin's execution work on the S&GA cut. However, this efficiency improvement dynamic should be partially offset by the **(i)** increase in wood costs, **(ii)** fuel oil and **(iii)** lower capacity to dilute fixed costs in pulp production, due to the reduction in shipments. Due to these factors, pulp COGS/t excluding stoppages is expected to reach R\$1,388/t Genial Est. (+5.2% q/q; +2.4% y/y).

With downtime in 1Q24, we expect total COGS/t to show an increase. Although the maintenance stoppage scheduled for January, at Otacílio Costa (SC), a 350ktpa plant focused on Kraftliner, is considered to be of low intensity, lasting ~10 days and with an implicit cost estimated in our model of R\$26mn, we expect a small addition to COGS/t including stoppages, but as there were no stoppages last quarter, the figure will represent a sequential increase up to mid-single digit, clocking in at R\$1,414/t Genial Est. (+7.2% q/q; +4.3% y/y).

Projected EBITDA rises y/y in paper & packaging but falls in pulp business division. In the paper & packaging segment, we expect EBITDA to reach R\$1.1bn Genial Est. (-1.6% q/q; +15.3% y/y), highlighting among the favorable winds the increase in volume due to the MP28 ramp-up, which creates a good difference on an annual basis to partially offset the exit from the period of more positive seasonality for packaging (3Qs and 4Qs) in the sequential movement. For pulp, we expect EBITDA to follow a reverse trend, rising on a sequential basis due to the price recovery, but falling on an y/y basis due to this increase still falling short of the average price of 1Q23, as well as a lower capacity for cost dilution in COGS/t due to reduced shipments. We reached R\$527mn Genial Est. (+2.4% q/q; -44.2% y/y) for pulp division. On a consolidated basis, we expect EBITDA to clock in at R\$1.6bn Genial Est. (-0.4% q/q; -13.7% y/y).

Table 4. EBITDA Klabin (1Q24 Genial Est.)

(R\$ Millions)	1Q24E	4Q23	% q/q	1Q23	% y/y
	Genial Est.	Reported		Reported	
Adjusted EBITDA	1.677	1.683	-0,4%	1.942	-13,7%
Paper & Packaging	1.150	1.168	-1,6%	998	15,3%
Pulp	527	515	2,4%	945	-44,2%

Source: Genial Investimentos, Klabin

Net income expected to grow q/q and contract y/y. We project a net income of R\$417mn Genial Est. (+1q1.3% q/q; -66.9% y/y). This performance suggests sequential progress, driven by contributions from the Puma II project with PM28, underscoring a positive trend in earnings recovery and investment capitalization. However, from an annual point of view, weaker dynamics such as those seen in the cement market, which affect the price performance of industrial bags, as well as that of pulp itself (which although recovering, has a long way to go) still make it difficult to improve comparing to the same period of last year.

Table 5. Income Statement (1Q24 Genial Est.)

(R\$ Millions)	1Q24E	4Q23	% q/q	1Q23	% y/y
	Genial Est.	Reported		Reported	
Net Revenue	4.466	4.500	-0,8%	4.831	-7,6%
COGS	(2.990)	(3.181)	-6,0%	(2.858)	4,6%
Adjusted EBITDA	1.677	1.683	-0,4%	1.942	-13,7%
EBITDA Margin (%)	37,5%	37,4%	0,14p.p	40,2%	-2,66p.p
EBIT	952	866	10,0%	1.618	-41,2%
EBIT Margin (%)	21,3%	19,2%	2,09p.p	33,5%	-12,17p.p
D&A	(869)	(953)	-8,7%	(711)	22,3%
Financial Result	(350)	(324)	-8,0%	58	-700,6%
Net Income	417	375	11,3%	1.262	-66,9%
Net Margin (%)	9,3%	8,3%	1,01p.p	26,1%	-16,78p.p

Source: Genial Investimentos, Klabin

Our Take on Klabin

The magnitude of the recovery in pulp prices is still not enough. It is important to emphasize that the downward movements in realized BHKP prices in 2Q23 and 3Q23 were quite intense (-8.3% q/q and -16.1% q/q, respectively). This shows that, although there has definitely been a price recovery underway since 4Q23, the average value recorded in 1Q24 is likely to be lower than that realized by Klabin previously, looking at the same period last year. This y/y price drop will be significant at BHKP mainly (but not only), to R\$2,995/t Genial Est. (-26.0% y/y). Even so, we are projecting a rise of +3.6% q/q Throughout 2024, we expect further price increases in pulp, pushed by partial supply constraint dynamics in the short term due to production bottlenecks in Finland.

Changing our break-even point upwards. Our short-term **2024-25E BHKP China** breakeven price has been **revised up to US\$695/t Genial Est.** (vs. US\$655/t previously), following the start-up and ramp-up of Suzano's cerrado project, adding more capacity, leading to a slight downside to today's futures curve. Even so, the upward revision is positive and demonstrates once again the strength of the big pulp players and how much the previous price (figured in 3Q23) was in fact far below the marginal cost of producers with fewer gains in scale.

Finally, prospects for positive changes at Kraftliner. As for 2024, we found that the machines shut down due to tight margins in containerboard (Kraftliner + reclaimed) were restarted in January, since Klabin seems to have noticed an improvement in market conditions, a decision that was also weighed up by the benefit of the ability to dilute fixed costs. As a result, we expect that 1Q24 will already bring an improvement in kraftliner volume to 103Kt Genial Est. (+4.0% q/q; +13.2% y/y), since the restarting of machines and the ramp-up of PM28 should help make up this advance in shipments. However, the price side will still suffer in 1Q24. We are projecting R\$3,316/t Genial Est. (-2.5% q/q; -26.1% y/y). On the other hand, Klabin announced kraftliner adjustments for 2Q24, at €50/t (or ~R\$280/t) for the Europe region and US\$60/t (or ~R\$310/t) for other regions.

Volume dynamics to the detriment of price for paperboard and packaging. For paperboard and corrugated boxes, we believe that the company will continue with price stability 2024 vs. 2023, perhaps with adjustments even below inflation, but with an increase in volumes, above international peers and the growth expected by the market.

Figueira project: another one coming out. The Figueira project, Klabin's new corrugated box plant in Piracicaba (SP), has a total **CAPEX of ~R\$1.6bn**, and is already in the final stages of execution. The project adds **+240Ktpa of Kraftliner production** for subsequent conversion into corrugated boxes. We started including it in the start-up in 2Q24, reaching 70Kt accumulated by the end of 2024, and reaching full **ramp-up in 4Q27**. Once the project is up and running, the company will **remove additional shifts from plants with older machines**, in order to take advantage of the project's production efficiency, lowering payroll costs and gaining scale in COGS/t.

Therefore, the project will proceed with it a **net addition component**. Eventually, additional capacity cuts may be considered. Therefore, the net addition of the project stipulated by the company is 100Ktpa. We are more optimistic than that, since we do not believe that capacity cuts in other plants will be necessary in the short-term, beyond the reduction of the additional work shift. Our projection is for a **net addition of ~120Ktpa Genial Est.** The **ramp-up of MP28 and the fig tree project** should boost revenues and cause a drop in COGS/t vis-à-vis the improvement in fixed cost dilution capacity, **raising 24E EBITDA to R\$7.4bn Genial Est.** (vs. R\$6.6bn in the previous estimate), which is a **strong growth of +17.2% y/y**.

Change in assumptions: improved valuation (but already priced). The addition of the Figueira project to our model contributed (alone) to an increase of **+R\$0.30** in our 12M Target Price. In addition to the Figueira project, the updating of our pulp curve also led to an increase in our 12M Target Price of **+R\$0.25**, although less linked to this particular variable compared to Suzano. Other changes to the assumptions we made also consider the continuous improvement in the PM28 ramp-up process + price pass-through in Kraftliner for 2Q24, in turn leading to an increase of **+R\$0.10**. If we add all the effects together (Figueira project + new pulp curve + ramp-up of shipments + readjustment in kraftliner), our **12M Target Price becomes R\$27.00** (vs. R\$26.35 previously).

Klabin vs. Suzano. We remind you again that, in November last year, some analysts downgraded the company's rating after Investor Day 2023, which caused a considerable and sudden drop in the value of the shares in the days following the event. Even so, we kept our buy rating for Klabin unchanged after the event, as stated in our previous publications, something that became almost counter consensus in the eyes of the market not so long ago. We proved to be assertive, with a rise of +18% in shares in just 5M (Dec + YTD).

We attribute this divergence between us and the consensus to a bias on the part of some of the market, which stubbornly compares Klabin with Suzano, when for us, the investment cases are quite different. We have already commented several times that we believe Klabin follows growth trends, which are less correlated with the pulp price itself.

As for Suzano, we believe that the company has a value investment thesis, more focused on taking advantage of changes in the commodity price cycle (as is happening now). In this case, the timing of entering and exiting long positions is essential. For Suzano, the short term should weigh more heavily on the investor. For Klabin, the short term is just a bit more irrelevant. Therefore, investors' approach should be different depending on the moment and the company. Despite being in the same sector, Klabin is more focused on paper and packaging and Suzano is more focused on marketing market pulp, especially BHKP. Therefore, we categorize it as an analysis error to think that the fundamentals trends for the two companies are very similar (they are not...).

Ahead of the curve: downgrading to Neutral. We believe that this bias can blind market participants and alienate them from potential share price increases, just as happened in the case of Klabin. Upon admitting their mistake, when the share price rose quite elastically, some analysts went back and upgraded the rating again (from Sell to Buy over a ~4M timeframe), but by then much of the upside had already been wasted.

With a **24E EV/EBITDA of 7x** (vs. a historical average of 7.3x), even in the face of the improvement in our Target Price, the **strong performance of the shares** (~18% up in 5M) still seems to remove much of the safety margin we see from a fundamentalist point of view for the shares within the **12M timeframe**. We don't dislike the Investment Thesis, but for now, we infer that the **EBITDA 24E** improvement movements to **R\$7.4bn Genial Est.** (vs. R\$6.6bn in the previous estimate) **are already almost entirely priced in**, and with almost no detachment from the historical multiple. We are **downgrading our rating to NEUTRAL**, with a **12M Target Price of R\$27.00** (vs. R\$26.35 previously), which implies a **narrower upside of +9.67%**.

Appendix: Klabin

Figure 1. Klabin – Income Statement in R\$ Millions (Genial Est. 2024-2029)

Income Statement	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	19.181	20.312	21.169	21.942	22.494	22.838
(-) COGS	(12.076)	(12.372)	(12.650)	(12.302)	(12.146)	(11.961)
Gross Profit	7.999	8.763	8.787	9.980	10.524	10.957
(-) Expenses	(2.876)	(2.948)	(3.086)	(3.205)	(3.281)	(3.333)
Adjusted EBITDA	7.432	7.446	7.896	8.881	9.501	9.941
(-) D&A	(3.203)	(2.454)	(2.462)	(2.446)	(2.434)	(2.397)
EBIT	5.123	5.814	5.701	6.775	7.244	7.624
(+/-) Financial Result	(1.802)	(2.039)	(1.719)	(1.667)	(1.475)	(1.463)
(-) Taxes	(830)	(889)	(937)	(1.201)	(1.356)	(1.448)
Net income	2.508	2.903	3.062	3.923	4.430	4.731
Profitability						
Net margin (%)	13,07%	14,29%	14,46%	17,88%	19,69%	20,71%

Figure 2. Klabin– Cash Flow in R\$ Millions (Genial Est. 2024-2029)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E	2029E
Net Revenue	19.181	20.312	21.169	21.942	22.494	22.838
(-) COGS	(12.076)	(12.372)	(12.650)	(12.302)	(12.146)	(11.961)
Adjusted EBITDA	7.432	7.446	7.896	8.881	9.501	9.941
EBIT	5.123	5.814	5.701	6.775	7.244	7.624
(-) Taxes	(830)	(889)	(937)	(1.201)	(1.356)	(1.448)
(+) D&A	3.203	2.454	2.462	2.446	2.434	2.397
(+/-) Δ WK	(27)	(111)	(110)	(57)	(59)	(36)
(-) Capex	(3.126)	(2.975)	(2.555)	(2.650)	(2.411)	(2.315)
FCFF	4.343	4.294	4.561	5.313	5.852	6.223

Disclosure Section

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