Genial Equity Research

KLABIN

3Q24 Preview: When life gives you pulp, make paper...

LatAm Pulp & Paper

(i) Kraftliner shipments growth y/y supported by PM28, reaching **135.6Kt Genial Est.** (-3.9% q/q; +32.8% y/y); **(ii)** Continued positive momentum in prices, at **R$3,637/t Genial Est.** (+8.3% q/q), **(iii)** We expect **Paperboard** shipments to reach **204.7Kt Genial Est**. (-4.2% q/q; +23.5% y/y); **(iv)** We project realized prices at **R$5,506/t Genial Est.** (+1.0% q/q); **(v)** The sales volume of **corrugated paper boxes** should indicate growth in demand above GDP, added to the **ramp-up of the Figueira Project**, with shipments of **236.5Kt Genial Est.** (+4.6% q/q; +6.1% y/y); **(vi)** We expect a mix with higher added value, reflected in prices of **R$5.848/t Genial Est**. (+2.4% q/q); **(vii)** Shipments of **Industrial Bags** is projected to partially recover, reaching 37.2Kt Genial Est. (+5.3% q/q), with flat prices; **(viii)** For the **Pulp** business division, logistical bottlenecks and **maintenance stoppages** should impact volumes. For **BHKP** we project **242.0Kt Genial Est.** (-4.6% q/q; -23.1% y/y) and for **BSKP + Fluff** reaching **100.7Kt Genial Est.** (-14.0% q/q; -9.3% y/y); **(ix)** For realized prices, we expect contraction at **BHKP** to **R$3,821/t Genial Est.** (-1.5% q/q) and stability at **BSKP + Fluff** at **R$5,208/t Genial Est**. (+1.0% q/q); **(x)** We estimate **Net revenue** of **R$4.8bn Genial Est**. (-1.3% q/q; +11.0% y/y); **(xi)** Maintenance stoppages should harm the dilutive effect of fixed costs, with **COGS/t** projected at **R$1.844/t Genial Est.** (+53.0% q/q; +30.2% y/y)**; (xii) Consolidated EBITDA** should be compressed sequentially, but show a significant increase y/y, reaching **R$1.8bn Genial Est.** (-9.4% q/q; +37.5% y/y); **(xiv**) We expect **FCFE burn of -R$5.6bn**; **(xiv)** We see the company trading at **6.2x EV/EBITDA 25E** (vs. 7x of historical average); **(xv)** Imminent **reduction in leverage** by the **Plateau Project**, added to the continued progress in operations with the company's other projects that are **ramping up**, such as **Figueira** and **PM28**, we reiterate our **BUY rating**, with a **12M Target Price** of **R$27.00**, with an **upside** of **+29.43%**.

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Company

KLBN11 BZ Equity
Buy

Price: R$ 20.86 (31-Oct-2024)
Target Price 12M: R$ 27.00

Table 1. Shipments Summary (3Q24 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Shipments)	**3Q24E**	**2Q24A**	**% q/q**	**3Q23A**	**% y/y**
Kraftliner	135,6	141,2	**-3,9%**	102,1	**32,8%**
Paperboard	204,7	213,7	**-4,2%**	165,8	**23,5%**
Corrugated boxes	236,5	226,2	**4,6%**	226,5	**4,4%**
Industrial Bags	37,2	35,3	**5,3%**	35,9	**3,7%**
BHKP Pulp	242,0	253,6	**-4,6%**	314,8	**-23,1%**
BSKP + Fluff Pulp	100,7	117,2	**-14,0%**	111,1	**-9,3%**

Source: Genial Investimentos, Klabin

Table 2. Income Statement Summary (3Q24 Genial Est.)

(R$ millions)	Genial Est.	Reported		Reported	
Income Statement	**3Q24E**	**2Q24A**	**% q/q**	**3Q23A**	**% y/y**
Net Revenue	4.885	4.949	**-1,3%**	4.400	**11,0%**
Adjusted EBITDA	1.860	2.052	**-9,4%**	1.352	**37,5%**
Net Income	731	315	**132,0%**	245	**198,9%**

Source: Genial Investimentos, Klabin

Klabin will release its **3Q24 results on November 4**, before the market opens. We expect improvements in **different intensities in the realized prices** of kraftliner, paperboard and corrugated boxes, with the continued **ramp-up of MP28**, which in turn contributes to **the increase in sales on a y/y basis**. In a sequential view, a slight retraction is expected, due to last quarter's comparative basis, which was very strong in volume in the vast majority of segments, as well as **logistical bottlenecks with containers**. Realized prices for the **Pulp business division** are **expected to be lower**, given the downturn in the BHKP market curve in the last month of the quarter. In addition, production capacity restrictions affected the level of shipments, as **relevant plants went through a maintenance period**. Shipments should be regularized in 4Q24.

These trends lead to a projected **Net Revenue of R$4.8bn Genial Est.** (-1.3% q/q; +11% y/y), with a **slight sequential retraction**. As a reflection of the maintenance stoppages that took place in the quarter, **COGS/t including stoppages** is projected at **R$1,844/t Genial Est.** (+53.0% q/q; +30.2% y/y), which, together with the falling pulp price and volume, should compress **consolidated EBITDA** sequentially to **R$1.8bn Genial Est.** (-9.4% q/q; +37.5% y/y), but still growing strongly on a y/y basis. EBITDA for the Paper and Packaging segment is estimated to show growth of +7.8% q/q, helping to partially offset the weak performance for the Pulp segment (-33% q/q). **Net income**, on the other hand, is projected at **R$731mn Genial Est.** (+132.0% q/q; +198.9% y/y), driven by the **cooling of the negative financial result**, mainly due to the foreign exchange variation line of the debt.

We believe that even in the face of a cycle of **contraction in the price of pulp**, which should affect the results of companies in the sector this quarter and next, Klabin offers a very interesting exposure of its EBITDA **within the paper and packaging segment** (~70% expected in 3Q24), which is higher for the coming months given the **good market outlook**, with **less cyclical trends and heated demand**.

Valuation and rating. From a fundamentalist point of view, the current **downward cycle in pulp prices**, which we had previously predicted**,** would tend to drive a **temporary flow of investors** away from stocks linked to companies more exposed to market pulp, such as Suzano, towards stocks with **(i)** greater product diversity and **(ii)** less exposure to the volatility of the commodity.

We believe that there is a "dispute" between **Klabin vs. Suzano** from the point of view of capital allocation for local fund managers, justified by the differentiation of exposure arising from the effect of product portfolio dissimilarities. In other words, in times of a **higher pulp cycle, Suzano tends to attract investors more**, as its results are much more exposed to direct sales of market pulp than Klabin. In turn, during downturns, investors would tend to **migrate to more diversified theses** with more exposure to paper and packaging, with **less volatility in results** due to the lower penetration of direct market pulp sales in results, **like Klabin**.

With this, we reinforce our preference for Klabin in a scenario of accommodating pulp prices, given its **(i)** integrated operations and **(ii)** focus on paper and packaging, which offer greater predictability of results. The flexibility provided by the diversified product portfolio and the progress of strategic projects, such as the **Figueira Project**, allows Klabin to capture gains in a balanced way, consolidating its position as the **best defensive choice** in the sector **in the short term**.

We see the company trading at **6.2x EV/EBITDA 25E** (below the historical average of ~7x), indicating an **attractive valuation**. Given the estimated **(i)** resilient performance in 3Q24 even with falling pulp prices, with paper and packaging EBTIDA growing; **(ii)** the imminent reduction in leverage by the **Plateau Project** (more about that by the end of the report), helping to re-evaluate the discount rates applied to the company; and **(iii)** continued progress in operations with the company's other ramp-up projects, such as Figueira and PM28, we reiterate our **BUY rating**, with a **12MTarget Price of R$27.00** representing a potential **upside of +28.57%**.

3Q24 Preview: In detail!

Kraftliner shipments growth y/y supported by PM28. We expect kraftliner sales to reach 135.6Kt Genial Est. (-3.9% q/q; +32.8% y/y), reflecting a slight sequential reduction vs. 2Q24, which was marked by a carry-over effect. Despite the drop on a quarterly basis, the significant year-on-year growth demonstrates the solid recovery of the market, benefiting from the normalization of supply and greater demand in the packaging sector. This stronger annual performance confirms the company's successful mix adjustment strategy in PM28, even in the face of persistent logistical challenges (mainly with containers), indicating a more sustainable recovery in the segment. We continue to have the impression that if it weren't for the logistical bottlenecks, volume would have been more robust.

Continued positive momentum in Kraftliner prices. We expect the realized kraftliner price to reach R$3,637/t Genial Est. (+8.3% q/q; +7.9% y/y), partially reflecting the price increases announced during 2Q24, with a focus on both the foreign and domestic markets. The carry-over effect would potentially mitigate this realization, since sales were recorded in the orderbook before the full announcement of the price increases. However, as the intensity of the carry-over will be lower this quarter, we believe that there will be a greater capture of the price adjustments previously implemented as a reflection of a warmer market, after a long period of price discounts. Despite the gradual pace of pass-through in 2Q24, we see room for further rounds of increases throughout 2H24 to give substance to the recovery.

The adaptive capacity of PM28's ramp-up should continue to impress. We believe that the company has continued to benefit from the flexibility of its machines, prioritizing kraftliner production to capture the positive momentum of this market. However, the gradual shift to paperboard production remains slower, due to the ongoing homologation process with the customer portfolio for more specific grades with higher added value, especially for the food packaging segment, in addition to the PM28 maintenance stoppage.

As a result, we expect paperboard shipments to reach 204.7Kt Genial Est. (-4.2% q/q; +23.5% y/y), reflecting a slight sequential slowdown. We also have to consider that last quarter's sales surprised us positively, so the comparative base is difficult to overcome. Looking ahead, we expect the machine ramp-up to progress more significantly, as more paperboard grades are approved, and the realized price potential is fully captured.

Opportunity cost: Paperboard vs. Kraftliner. As mentioned earlier, Klabin has prioritized kraftliner production due to its better profitability at the moment, in contrast to the scenario seen until the end of last year. However, the PM28 ramp-up still includes a significant portion of paperboard, which should result in an increase in shipments, although much more restrained than the machine's potential after the homologation process. For 3Q24, we expect paperboard sales of 204.7Kt Genial Est. (-4.2% q/q; +23.5% y/y), reflecting a slight sequential slowdown, but still showing significant growth on an annual basis. As for the realized price, we project it at R$5,506/t Genial Est. (+1.0% q/q; -0.3% y/y), with only a marginal improvement since the **(i)** most significant pass-throughs have already been captured in recent years and **(ii)** market conditions have proved favorable.

Corrugated boxes at high demand. The sales volume of corrugated paper boxes should reflect **(i)** demand growth above GDP, plus **(ii)** the ramp-up of the Figueira Project. Therefore, we project shipments of 236.5Kt Genial Est. (+4.6% q/q; +6.1% y/y), showing continued growth in the quarterly and annual comparison. In addition, realized prices should remain at a good level. This would be justified by **(i)** a mix of higher value-added products reflected in our expectation of R$5,848/t Genial Est. (+2.4% q/q; -0.2% y/y). The tendency for prices to lateralize is likely to continue in the short term, especially due to previous consecutive transfers, thus focusing on sales volumes.

Although challenging, the horizon for industrial bags should react marginally. We believe that the industrial bags segment should show a slight improvement in shipments, expected to reach 37.2Kt Genial Est. (+5.3% q/q; +3.7% y/y). This would be based on a **(i)** reactive market (more heated one-off demand in the cement segment), although it should present a counterweight outlined by the **(ii)** carry-over effect. However, our analysis suggests that the improvement in shipments will not yet translate into a significant change in the prices trajectory, which remains practically flat, with a forecast of R$8,932/t Genial Est. (+0.1% q/q; -0.1% y/y).

Pulp: Logistical bottlenecks and maintenance stoppages should impact volumes. During 1H24, Klabin faced logistical and operational challenges that affected pulp shipments, especially in the BHKP segment, due to problems at the port of Paranaguá (PR). In 3Q24, in addition to the **(i)** logistical carry-over effects, we highlight the respective **(ii)** maintenance stoppages at Ortigueira (PR) and Correa Pinto (SC), (which encompass Klabin's entire pulp production process) and, as a result, a reduction in BHKP volumes shipped to 242.0Kt Genial Est. (-4.6% q/q; -23.1% y/y). For BSKP + Fluff pulp, under confluent assumptions, we project shipments of 100.7Kt Genial Est. (-14.0% q/q; -9.3% y/y). Despite these adjustments, we expect a gradual normalization in production over the course of 4Q24 after stoppages. However, the voracity of shipments would depend on the resolution of logistical bottlenecks.

Pulp: Price slowdown in BHKP and spread in BSKP. For BSKP, we expect a realized price of R$3,821/t Genial Est. (-1.5% q/q; +45.7% y/y), which represents a slight negative correction sequentially, due to **(i)** softer demand in the first 2/3 of the quarter and **(ii)** the strong deceleration of the benchmark curve in China in September. However, the price remains significantly higher year-on-year, driven by the weaker base of the previous year. In the case of BSKP + Fluff pulp, the realized price is expected to be R$5,208/t Genial Est. (+1.0% q/q; +12.6% y/y), showing a slight sequential increase, driven by **(iii)** adjustments to the sales mix and by **(iv)** the continued positive impact of previous pass-throughs offsetting the previously highlighted decline in the benchmark. More focused on Europe, the price spread against BHKP China took longer to narrow.

Net revenue: shipment restrictions affecting volume, causing a marginal sequential drop. We estimate consolidated Net revenue of R$4.8bn Genial Est. (-1.3% q/q; +11.0% y/y), reflecting a mild sequential decline, but with significant growth y/y. The paper segment should contribute net revenue of R$1.6bn (-1.1% q/q; +28.6% y/y), while the packaging division should reach R$1.7bn (+6.7% q/q; +4.1% y/y), driven by the performance of corrugated boxes. We expect improvements in different intensities in the realized prices of kraftliner, paperboard and corrugated boxes, with the continued ramp-up of PM28, which in turn contributes to the increase in sales y/y. On a sequential basis, a slight retraction is expected, due to the comparative basis of last quarter, as well as logistical bottlenecks with containers. Pulp net revenue is projected at R$1.4bn (-8.8% q/q; +8.2% y/y), impacted by the reduction in shipments of BHKP and NBSK + Fluff in the quarter, due to maintenance stoppages limiting capacity.

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

(R$ Millions)	3Q24E Genial Est.	2Q24A Reported	% q/q	3Q23A Reported	% y/y
Net Revenue	**4.885**	**4.949**	**-1,3%**	**4.400**	**11,0%**
Paper	1.620	1.639	-1,1%	1.260	28,6%
Packaging	1.715	1.607	6,7%	1.648	4,1%
Pulp	1.449	1.588	-8,8%	1.339	8,2%
Wood	46	65	-29,4%	51	-8,9%
Others	54	49	11,0%	102	-47,4%

Source: Genial Investimentos, Klabin

COGS/t: Shutdowns should harm the dilutive effect of fixed costs. Reflecting the maintenance stoppages that took place in the quarter, including **(i)** PM28 (PR); **(ii)** Ortigueira (PR) and **(iiii)** Correa Pinto (SC), we expect a substantial increase in COGS/t, even without considering stoppages. This is due to volume restrictions. As we mentioned, most of the shipments in the multiple business lines are being impacted both by capacity limitations as a result of maintenance stoppages at important plants, as well as logistical bottlenecks. As a result, the company is losing the effect of diluting fixed costs and should show a sequential increase. Therefore, we expect a COGS/t ex. stoppages of R$1,224/t Genial Est. (+1.5% q/q; -6.8% y/y). COGS/t including stoppages is projected at R$1,844/t Genial Est. (+53.0% q/q; +30.2% y/y).

Table 4. EBITDA Klabin (3Q24 Genial Est.)

(R$ Millions)	3Q24E Genial Est.	2Q24A Reported	% q/q	3Q23A Reported	% y/y
Adjusted EBITDA	**1.860**	**2.052**	**-9,4%**	**1.352**	**37,5%**
Paper & Packaging	1.288	1.195	7,8%	913	41,1%
Pulp	571	857	-33,3%	439	30,1%

Source: Genial Investimentos, Klabin

Adjusted EBITDA expected to show a slight decline q/q and strong expansion y/y. We estimate a consolidated adjusted EBITDA of R$1.8bn Genial Est. (-9.4% q/q; +37.5% y/y). The Paper & Packaging segment should be the main driver of the result, with a projected EBITDA of R$1.5bn (+7.8% q/q; +41.1% y/y), highlighting the **(i)** strong performance of kraftliner and corrugated boxes, which continue to benefit from higher prices and growing volumes. On the other hand, the Pulp business unit has a projected EBITDA of R$660mn (-33.3% q/q; +30.1% y/y), reflecting a sharper sequential slowdown following the **(ii)** contraction in the realized price of BHKP, as well as a more considered reduction in shipments, mainly due to capacity restrictions linked to plants that were under maintenance.

Net income should be boosted by the decompression of financial results. Our projection is for a Net income of R$731mn Genial Est. (+132.0% q/q; +198.9% y/y), driven by **(i)** solid performance in the Paper and Packaging segments; and **(ii)** a cooling of the exchange rate variation on debt, since, although the average USD/BRL exchange rate rose in the quarter, the EoP marker contracted to 5.45 vs. 5.56 in 2Q24. Net margin should reach 16.1% Genial Est. (+8.6p.p. q/q; +9.4p.p. y/y), reflecting a significant improvement in profitability.

Table 5. Income Statement (3Q24 Genial Est.)

(R$ Millions)	3Q24E Genial Est.	2Q24A Reported	% q/q	3Q23A Reported	% y/y
Net Revenue	**4.885**	**4.949**	**-1,3%**	**4.400**	**11,0%**
COGS	(2.817)	(3.194)	-11,8%	(3.239)	-13,0%
Adjusted EBITDA	**1.860**	**2.052**	**-9,4%**	**1.352**	**37,5%**
EBITDA Margin (%)	38,1%	41,5%	-3,4p.p	30,7%	7,34p.p
EBIT	**1.071**	**994**	**7,8%**	**631**	**69,8%**
EBIT Margin (%)	21,9%	20,1%	1,84p.p	14,3%	7,59p.p
D&A	(851)	(989)	-14,0%	(869)	-2,1%
Financial Result	(10)	(563)	-98,1%	(325)	-96,8%
Net Income	**731**	**315**	**132,0%**	**245**	**198,9%**
Net Margin (%)	15,0%	6,4%	8,6p.p	5,6%	9,41p.p

Source: Genial Investimentos, Klabin

Our Take on Klabin

Pulp prices seem to have already bottomed out in this cycle. From 2H23 to 1H24, the pulp segment benefited from a positive cycle, driven by supply restrictions in Finland and a reheating of demand in China and Europe. However, pulp prices **contracted sharply at the end of 3Q24**, especially BHKP. This view is reinforced by a number of factors, such as **(i)** margin pressure on non-integrated paper producers in China, especially in the tissue segment, and **(ii)** the start of operations at Suzano's Cerrado project in Ribas do Rio Pardo (MS) and a new pulp line at Liansheng, in Fujian province (FJ). Both new plants will have a combined capacity of ~4Mtpy, after their respective ramp-ups. As a result, the market is once again pricing in an **imbalance between supply and demand**, leading to a sharp price slowdown.

On the other hand, we believe that the bearish cycle has been intense, but in a very short time window. Therefore, our analysis suggests that **this cycle has bottomed** out at **~US$560/t** for BHKP, with the prospect of stabilizing at US$570/t by the end of the year. Thus, Klabin, which will probably record cooler shipment volumes in 3Q24, should continue to be pressured in the pulp business unit in the next quarter. On the other hand, we already see an improvement in demand in China, which added to potential cuts in old capacity by the pulp majors, could lead BHKP prices to an **upward trajectory of ~US$620/t** by **2Q25**.

We expect FCFE burn of -R$5.6bn and lower dividends. Our estimate for **(i)** CAPEX is R$846mn (-1.4% q/q), with a very mild contraction on a sequential basis. With **(ii)** a projection for EBTIDA slowing down a little to R$1.8bn (-9.4% q/q), as well as **(iii)** a softening in the release of working capital, we tend to see a cooler FCF. However, the **(iv)** major factor forcing cash flow downwards is the **payment for the Caetê Project** (Arauco's land acquisition), which we expect to consume -R$5.8bn of FCF.

Therefore, our expectation for **FCFE** is a **burn of -R$5.6bn** in **3Q24E**. As we had already pointed out in previous reports, we thought it would be very difficult for Klabin to pay the middle or cap of the dividend policy, since it would show a strong compression of FCF precisely because of the payment for the Caetê Project. In line with our anticipation, Klabin recently announced a change in its dividend policy, lowering it to **10-20% of adjusted EBITDA** (vs. 15-25% previously). As a result, we have cut our **24E Dividend Yield** to **5.1%** (vs. 5.5% previously).

Plateau Project: Positive for deleveraging, but we see risks. Klabin has just announced the **Plateau Project**, on the morning of October 30th. As we discussed in a previous report (Plateau Project: Positive, but there are hidden risks), there is a crystal-clear demonstration of the company's commitment to **accelerating the deleveraging process from 2025 onwards**. The indicator closed **2Q24** at **3.2x Net Debt/EBITDA**. As we commented above, we expect a considerable FCF burn in 3Q24, so that **24E Net Debt/EBITDA** would rise to **3.7x**. We believe that the company has sought a solution in the Plateau Project to reduce this leverage, due to the payment to be made by TIMO of **R$1.8bn + R$900m in potential.**

This should generate a **-0.3x** effect on leverage, and together with an improvement in LTM EBTIDA next year, we see the indicator decelerating to **3x Net Debt/EBITDA 25E.** So, the short-term effects are positive. On the other hand, our analysis suggests that, **in order to confirm whether the *deal* was good or not for Klabin in the medium and long run**, we would have to be more open about **the price conditions and availability of the wood** that the company **would buy from the SPVs**. This has not been disclosed by Klabin to date. We suggest investors read our report on the subject to get a better understanding of our point of view.

When life gives you pulp, make paper... With the prospect of a slowdown in pulp prices in 4Q24, we see Klabin benefiting more from the favorable seasonality of the paper and packaging segment, which should continue to sustain results in the short term. The **diversification of the portfolio** in **paper and packaging** and the **greater targeting of the European market** in the case of **pulp**, which has proven to be more resilient than the Chinese, reinforce the thesis that **Klabin** is still **our best** defensive **choice** in the **Pulp & Paper sector** in the short term. In our view, Klabin continues to offer a **(i)** unique combination of resilience for local fund managers who are looking to expose themselves to the pulp and paper sector and **(ii)** growth in a transitional environment for the pulp market, being more resilient in the commodity's low price cycle season.

We see the company trading at **6.2x EV/EBITDA 25E** (below the historical average of ~7x), indicating an **attractive valuation**. Given the estimated **(i)** resilient performance in 3Q24 despite the falling pulp price, with paper and packaging EBTIDA growing; **(ii)** the imminent reduction in leverage by the **Plateau Project**, helping to re-evaluate the discount rates applied to the company; and **(iii)** continued progress in operations with the other projects that are ramping up, such as **Figueira** and **PM28**, we reiterate our **BUY rating,** with a **12M Target Price** of **R$27.00**, thus representing an **upside** of **+29.43%**.

Appendix: Klabin

Figure 1. Klabin – Income Statement in R$ Millions (Genial Est. 2024-2028)

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**19.341**	**20.440**	**21.627**	**21.924**	**22.142**
(-) COGS	(11.969)	(12.253)	(12.584)	(12.927)	(13.079)
Gross Profit	**7.690**	**9.118**	**10.025**	**9.496**	**9.213**
(-) Expenses	(3.562)	(5.046)	(5.065)	(4.552)	(4.273)
Adjusted EBITDA	**7.411**	**7.673**	**7.808**	**7.866**	**8.279**
(-) D&A	(3.715)	(4.833)	(3.830)	(3.421)	(3.489)
EBIT	**4.122**	**4.072**	**4.960**	**4.944**	**4.941**
(+/-) Financial Result	(1.173)	(904)	(573)	(491)	(244)
(-) Taxes	(903)	(981)	(1.381)	(1.089)	(1.125)
Net income	**2.061**	**2.202**	**3.020**	**3.378**	**3.587**
Profitability					
Net margin (%)	10,66%	10,77%	13,97%	15,41%	16,20%

Figure 2. Klabin– Cash Flow in R$ Millions (Genial Est. 2024-2028)

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E
Net Revenue	**19.341**	**20.440**	**21.627**	**21.924**	**22.142**
(-) COGS	(11.969)	(12.253)	(12.584)	(12.927)	(13.079)
Adjusted EBITDA	**7.411**	**7.673**	**7.808**	**7.866**	**8.279**
EBIT	**4.122**	**4.072**	**4.960**	**4.944**	**4.941**
(-) Taxes	(903)	(981)	(1.381)	(1.089)	(1.125)
(+) D&A	3.715	4.833	3.830	3.421	3.489
(+/-) Δ WK	(318)	(192)	(153)	(56)	(3)
(-) Capex	(3.368)	(3.086)	(2.972)	(2.510)	(2.075)
FCFF	**3.248**	**4.647**	**4.285**	**4.710**	**5.226**

Disclosure Section

1. GENERAL DISCLAIMER

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Genial Rating

	Definition	Coverage
Buy	Expected return above +10% in relation to the Company's sector average	**49%**
Neutral	Expected return between +10% and -10% relative to the Company's industry average	**41%**
Sell	Expected return below -10% in relation to the Company's sector average	**5%**
under Review	Under review	**5%**

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