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KLABIN

4Q24 Preview: Paper resilience vs. pulp volatility

LatAm Pulp & Paper

(i) Kraftliner shipments reaching **136Kt Genial Est.** (-3.9% q/q; +32.8% y/y), with **realized prices** closing at **R$3,997/t Genial Est.** (+5% q/q); **(ii) Paperboard** shipments projected at **201Kt Genial Est.** (-2.8% q/q; +1.7% y/y), with **realized prices** at **R$5.481/t Genial Est.** (+0.5% q/q); **(iii)** Sales volume of **Corrugated boxes** should indicate growth in demand above GDP, with support from the **Figueira Project**, shipments should stand at **228Kt Genial Est.** (-3.4% q/q; +5.7% y/y), a slight sequential drop due to the seasonality slowdown. We expect a **higher value-added mix**, evidenced by the realization of **prices** of **R$5,977/t Genial Est.** (+3.0% q/q); **(iv)** Shipments of **Industrial bags** should partially recover, reaching **39Kt Genial Est.** (+11.5% q/q; +22.4% y/y), with **flat prices**; **(v)** In the **Pulp division**, with the resumption after the maintenance carried out in 3Q24, we expect **volumes to accelerate sequentially**, with **BHKP** at **272Kt Genial Est.** (+21.7% q/q; -8.6% y/y) and, for **BSKP+Fluff**, we project **110Kt Genial Est.** (+12.3% q/q; -3.8% y/y); **(vi)** For **realized prices**, we expect **BHKP to contract** to **R$3,829/t Genial Est.** (-7.4% q/q) and **BSKP+Fluff** to slow to **R$5,418/t Genial Est.** (-3% q/q); **(vii)** We estimate consolidated **Net Revenue** of **R$5,1bn Genial Est.** (+2.3% q/q; +13.6% y/y); **(viii)** We will probably witness **cost pressure from the USD/BRL Fx rate on inputs**, especially chemicals, which should expunge part of the dilution of fixed costs from the expansion in pulp volume. Therefore, **COGS/t ex. stoppages** is projected at **R$1,193/t Genial Est.** (+3.1% q/q); **(ix) EBITDA** reaching **R$1.9bn Genial Est.** (+4.2% q/q; +11.8% y/y); **(x) Net Income** at **R$401mn Genial Est.** (-45.2% q/q), detracted by financial expenses, due to the **Fx rate variation**; **(xi)** We expect an **improvement** in **FCFF** for **4Q24**, although **challenges** persist **in FCFE**; **(xii)** We believe **valuation remains attractive**, trading at **6.2x EV/EBITDA 25E** (vs. ~7x in historical average. We reiterate our **BUY rating**, with a **12M Target Price** of **R$27.00**, representing an **upside** of **+29%**.

Analysts

Igor Guedes
+55 (11) 3206-8286
igor.guedes@genial.com.vc

Luca Vello
+55 (11) 3206-1457
luca.vello@genial.com.vc

Isabelle Casaca
+55 (11) 3206-8244
isabelle.casaca@genial.com.vc

Company

KLBN11 BZ Equity
Buy

Price: R$ 20.93 (21-Feb-2024)
Target Price 12M: R$ 27.00

Table 1. Shipments Summary (4Q24 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Shipments)	**4Q24E**	**3Q24A**	**% q/q**	**4Q23A**	**% y/y**
Kraftliner	136	133	**2,0%**	99	**37,0%**
Paperboard	201	207	**-2,8%**	198	**1,7%**
Corrugated boxes	228	236	**-3,4%**	215	**5,7%**
Industrial Bags	39	35	**11,5%**	32	**22,4%**
BHKP Pulp	272	224	**21,7%**	298	**-8,6%**
BSKP + Fluff Pulp	110	98	**12,3%**	114	**-3,8%**

Source: Genial Investimentos, Klabin

Table 2. Income Statement Summary (4Q24 Genial Est.)

(R$ millions)	Genial Est.	Reported		Reported	
Income Statement	**4Q24E**	**3Q24A**	**% q/q**	**4Q23A**	**% y/y**
Net Revenue	5.112	4.999	**2,3%**	4.500	**13,6%**
Adjusted EBITDA	1.881	1.805	**4,2%**	1.683	**11,8%**
Net Income	400	729	**-45,2%**	375	**6,6%**

Source: Genial Investimentos, Klabin

Klabin will release its **4Q24 results on February 26**, before the market opens. We expect **improvements in realized prices** for kraftliner (+5% q/q), paperboard (+0.5% q/q) and corrugated boxes (+3% q/q), driven by a still heated demand for packaging, slight improvement in grades for Paperboard helping to compose the sales mix and with the **PM28 ramp-up** supporting **volume on an annual basis**, especially for **Kraftliner**. Even so, the **main product lines**, with the exception of Kraftliner, **should cool down their respective shipments** in the face of a **sequential slowdown**, albeit mild and **typical between 3Qs and 4Qs**, in addition to the maintenance stoppage at Monte Alegre (PR).

As for the **Pulp division**, the **realized prices should be lower**, reflecting the contraction observed in the BHKP curve in China (-12.3% q/q), in addition to the BSKP benchmark in Europe, which also contracted, but to a lesser extent (-5.3% q/q). This will inevitably affect the company's results, although it will be able to **partially mitigate this effect** in the face of a **strong appreciation of the USD/BRL Fx rate**. On the other hand, **shipment levels should expand** for **BHKP** (+21.7% q/q) and BSKP (+12.3% q/q), which would be justified by the significant **recovery after the scheduled stoppages**, mainly in Ortigueira (PR) last quarter, accompanied by a gradual improvement in logistical bottlenecks.

These trends should result in a projected consolidated **Net Revenue** of **R$5,1bn Genial Est.** (+2.3% q/q; +13.6% y/y). In contrast, **COGS/t incl. stoppages** is estimated at **R$1,493/t Genial Est.** (-11.9% q/q; +13.2% y/y), reflecting the **resumption of cost dilution** after high impact maintenance schedule that took place in 3Q24. This scenario, combined with pressure on prices and volumes in the Pulp segment, should result in consolidated **EBITDA** of **R$1.9bn Genial Est.** (+4.2% q/q; +11.8% y/y). **Net income** is projected at **R$400mn Genial Est.** (-45.2% q/q; +6.6% y/y), mainly impacted by the negative financial result resulting from the **Fx rate variation pressure**, largely **on debts**.

Even in the face of a **downward cycle in pulp prices** - which should influence the sector's results in **4Q24 and 1Q25** - we believe that Klabin offers a **very attractive business model**, with **~66% of expected EBITDA** coming from the **Paper & Packaging segment**, which retains more of the price dynamics and **guarantees less volatility in results**. This mix, combined with good market prospects, with less cyclical trends and warming demand, **reinforces our bullish bias** about the company's performance.

4Q24 Preview: In detail!

Kraftliner: Shipments to rise strongly y/y due to PM28 ramp-up. We estimate that kraftliner sales could reach 136Kt Genial Est. (+2.0% q/q; +37.0% y/y), following a positive trend in the segment driven by the gradual recovery in demand and adjustments to the operational mix. The sequential growth, although modest, indicates a possible improvement in the logistical bottlenecks that still limit more expressive expansions in the volume sold. On a year-on-year basis, the significant increase reinforces the view that the company is reaping the rewards of the investments it has recently made to increase capacity, mainly through the ramp-up of PM28.

For the realized price, we project R$3,997/t Genial Est. (+5.0% q/q; +17.5% y/y), reflecting the readjustments announced throughout the year. This increase would be explained by a greater capture of previously adjusted prices, while the impact of the carry-over, which had been restricting advances in previous quarters, should continue to diminish. We believe Klabin's decision to prioritize Kraftliner vs. paperboard in the PM28 ramp-up process comes in the face of constraints in slowly migrating production to paperboard due to pending approvals of higher value-added grades. In the meantime, the company is focusing on capturing price gains in Kraftliner, which is at a good momentum.

Paperboard: PM28 shift continues slowly, shipments reduced by seasonality. The gradual transition process from PM28 to paperboard production continues to take a long time, due to the approvals still in progress with the client's portfolio, mainly for specific grades with higher added value in the food packaging segment. In addition, maintenance stoppages, whether Ortigueira (PR), which affected PM27 and PM28 last quarter, or Monte Alegre (PR) this quarter - which is more specialized in paperboard - may also have influenced the dynamics of the figures. As a result, we estimate paperboard shipments at 201Kt Genial Est. (-2.8% q/q; +1.7% y/y), reflecting a slight sequential slowdown.

For the realized price, our model points to R$5,481/t Genial Est. (+0.5% q/q; -1.4% y/y), suggesting a marginal improvement given the mix, with price dynamics still influenced by competition in the international market and limited value capture.

Corrugated Boxes: Small sequential drop in shipments, slightly better price mix. We estimate corrugated boxes shipments to reach 228Kt Genial Est. (-3.4% q/q; +5.7% y/y), reflecting a still solid performance. The slight sequential decline should be attributed to seasonal demand slowing down between 3Qs and 4Qs, but the year-on-year growth confirms the resilience of packaging demand in the domestic market, sustained mainly by the consumption of essential goods and the increase in protein exports such as beef, which will hit a record in 2024, driven by the gain in competitiveness stemming from the depreciation of the BRL vs. USD. The Figueira Project (SP), with its strategic location, continues to contribute to optimizing logistics and supporting the segment's growth.

As for the realized price, we project R$5,977/t Genial Est. (+3.0% q/q; +2.0% y/y), indicating a consistent recovery in prices, reflecting **(i)** the mix of products with higher added value and **(ii)** the pass throughs already made previously. We believe that prices should continue without significant adjustments, even with demand still hot nowadays. Although this doesn't seem to have happened yet, it's worth remembering that the increase in the SELIC rate may reduce demand for durable goods throughout 2025, impacting the packaging segment.

Industrial Bags: Total annual volume moving sideways, improvement in 2H24. We believe that the industrial bags should show an improvement in sales, with shipments expected to reach 39Kt Genial Est. (+11.5% q/q; +22.4% y/y), especially reflecting the cement segment, which has shown signs of gradual recovery. However, the operation would operate close to the company's maximum capacity, which limits further gains in the short term. We expect the total volume in 24E to be close to that of 23A (~142Ktpy).

For the realized price, we project R$9,104/t Genial Est. (-0.2% q/q; +2.0% y/y), suggesting a stabilization in the prices charged. Price dynamics continue to be influenced by factors such as the carry-over effect and demand which, although growing, is not yet strong enough to drive significant increases. We expect prices to keep pace with inflation in 2025, with greater predictability in capturing margins, supported by a more favorable scenario in the construction sector and stable demand in other markets, such as food and animal nutrition.

Pulp: Shipments resumed after maintenance last quarter, with a drop in price. We believe that BHKP shipments should reach 272Kt Genial Est. (+21.7% q/q; -8.6% y/y), reflecting a significant recovery after the scheduled stoppages in 3Q24, especially at Ortigueira (PR). This upturn in volume is accompanied by a gradual improvement in logistical bottlenecks, although we are still witnessing limitations at the port of Paranaguá (PR). Despite the significant sequential growth, the year-on-year comparison shows an expected slowdown. For BSKP+Fluff, we estimate shipments of 110Kt Genial Est. (+12.3% q/q; -3.8% y/y), indicating a recovery, but at a still moderate pace due to the production mix and seasonality of demand.

In terms of realized price, for BHKP we project R$3,829/t Genial Est. (-7.4% q/q; +32.4% y/y), reflecting **(i)** the pressure exerted by the slowdown in the Chinese market, whose fiscal boosts failed to offset the downturn in the manufacturing sector in December (-1pt. m/m; -0.6pt. vs. consensus; at 49.1pt. of the PMI) and **(ii)** the sharp contraction in global reference prices (-12.3% q/q). Exposure to the export market in the pulp segment means that the appreciation of the USD/BRL Fx rate has partially mitigated the fall in pulp prices in USD. Despite this, the weak base of the previous year sustains a significant advance on an annual basis. For BSKP+Fluff pulp, we project R$5,418/t Genial Est. (-3.0% q/q; +21.0% y/y), with greater exposure to the European curve, highlighting **(iii)** positive adjustments to the sales mix and **(iv)** the cushioning of the drop that began last quarter. Looking ahead, we expect the pulp segment to maintain a recovery path throughout 2025, driven by the normalization of supply and the gradual stabilization of global prices.

Net revenue up slightly, driven by Kraftliner and resumption of pulp shipments. We project consolidated net revenue of R$5.1bn Genial Est. (+2.3% q/q; +13.6% y/y), reflecting a slight sequential improvement and expressive year-on-year growth. The paper segment is expected to contribute net revenue of R$1.6bn Genial Est. (+0.6% q/q; +14.6% y/y) due to the PM28 ramp-up and better conditions in kraftliner, while the packaging division is expected to reach R$1.7bn Genial Est. (+1.7% q/q; +11.2% y/y), driven by the resumption of performance in industrial bags (+11.3% q/q), which has the company's highest realized price. Pulp net revenue is projected at R$1.6bn Genial Est. (+11.3% q/q; +19.3% y/y), benefiting from the resumption of volumes after the maintenance stoppage in Ortigueira (PR), which affected the level of shipments last quarter.

Table 3. Net Revenue Klabin (4Q24 Genial Est.)

(R$ Millions)	4Q24E Genial Est.	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Net Revenue	**5.112**	**4.999**	**2,3%**	**4.500**	**13,6%**
Paper	1.645	1.635	0,6%	1.436	14,6%
Packaging	1.714	1.686	1,7%	1.542	11,2%
Pulp	1.638	1.471	11,3%	1.373	19,3%
Wood	47	128	-62,9%	46	4,0%
Others	67	79	-15,3%	103	-35,0%

Source: Genial Investimentos, Klabin

COGS/t with lower stoppages but impacted by Fx rate effect. We estimate that COGS/t ex. stoppages will reach R$1,193/t Genial Est. (+3.1% q/q; -9.6% y/y), reflecting a moderate sequential increase due to **(i)** pressure on the USD/BRL Fx rate, mainly on chemical inputs quoted in USD. This factor will probably exclude the **(ii)** effect of the dilution of fixed costs resulting from the expansion in pulp volume (+18.6% q/q) and the **(iii)** reduction in wood costs, as well as the **(iv)** generation of surplus energy.

On the other hand, COGS/t incl. stoppages is projected at R$1,493/t Genial Est. (-11.9% q/q; +13.2% y/y), with a significant reduction on a sequential basis, given that last quarter was impacted by larger-scale stoppages, including the Ortigueira (PR), Correia Pinto (SC), and PM27/28 units. However, although it has a smaller impact, this quarter's maintenance stoppage is at Monte Alegre (PR), of which we estimate a cost of~R$100mn.

EBITDA up just a little q/q, with paper & packaging offsetting the fall in pulp division. We estimate a consolidated adjusted EBITDA of R$1.9bn Genial Est. (+4.2% q/q; +11.8% y/y), reflecting a slight improvement in the sequential movement, but accelerating high single digit, given the ramp-up of PM28, an adjunct to the Figueira project, as well as better pulp prices y/y. We believe that the modest increase expected for the q/q base could be higher if it weren't for an increase in SG&A, characteristic of the 4Qs (+50% Genial Est. q/q), in addition to the significant drop in the reference price of BHKP and BSKP. The Paper & Packaging segment should be the main driver of results, with projected EBITDA of R$1.2bn Genial Est. (+13.2% q/q; +10.5% y/y). On the other hand, the Pulp unit is forecasting EBITDA of R$638mn Genial Est. (-9.8% q/q; +28.8% y/y), with the sequential increase in volume following the return to activity in Ortigueira (PR) failing to compensate for shrinking prices.

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

(R$ Millions)	4Q24E Genial Est.	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Adjusted EBITDA	**1.881**	**1.805**	**4,2%**	**1.683**	**11,8%**
Paper & Packaging	1.243	1.098	13,2%	1.124	10,5%
Pulp	638	708	-9,8%	495	28,8%

Source: Genial Investimentos, Klabin

Net income with strong retraction due to Fx rate adjustment. Our projection indicates a Net income of R$401m Genial Est. (-45.0% q/q; +6.9% y/y), reflecting a significant sequential reduction impacted mainly by the increase in financial expenses arising from the fair value adjustment of USD-denominated debts (~85%) due to the acceleration of the USD/BRL exchange rate (~R$1bn), which should be offset to a lesser extent by the tip of foreign exchange gains.

Table 5. Income Statement (4Q24 Genial Est.)

(R$ Millions)	4Q24E Genial Est.	3Q24A Reported	% q/q	4Q23A Reported	% y/y
Net Revenue	**5.112**	**4.999**	**2,3%**	**4.500**	**13,6%**
COGS	(3.193)	(3.468)	-7,9%	(3.181)	0,4%
Adjusted EBITDA	**1.881**	**1.805**	**4,2%**	**1.683**	**11,8%**
EBITDA Margin (%)	36,8%	36,1%	0,68p.p	37,4%	-0,61p.p
EBIT	**1.088**	**1.220**	**-10,8%**	**866**	**25,7%**
EBIT Margin (%)	21,3%	24,4%	-3,13p.p	19,2%	2,04p.p
D&A	(1.161)	(1.014)	14,5%	(953)	21,9%
Financial Result	(569)	(403)	41,2%	(324)	75,6%
Net Income	**401**	**729**	**-45,0%**	**375**	**6,9%**
Net Margin (%)	7,8%	14,6%	-6,74p.p	8,3%	-0,49p.p

Source: Genial Investimentos, Klabin

Our Take on Klabin

For 2025, we expect a slowdown in some segments, with resilience in others. The outlook for 2025 points to a mixed scenario for the company's many segments. For **(i) corrugated boxes**, we believe that demand should remain robust for essential sectors - such as food and consumer staples - even in the face of the risk of a downturn in demand for durable goods (home appliances and electronics, for example) due to the **acceleration in the SELIC rate**, leading to a contraction in the credit supply. On the other hand, for the **(ii) industrial bags** segment, we project slight growth in volume and price, driven by the recovery seen in the cement demand, covering the civil construction sector in 2H24, a trend that could extend into 25E, due to the infrastructure build up activity and the sequencing of Minha Casa, Minha Vida (MCMV) projects, which are less dependent on interest rates.

As for **(iii) paperboard**, the company remains focused on the approval of new specific grades throughout 2025, which in turn would lead to a price increase as they are less commoditized and more on demand for clients, mainly in the food industry. For **(iv) kraftliner**, we expect the **good momentum to continue**, with prices stabilizing after successive transfers in 2H24. It is worth remembering that we should still see the realized price rise in both 4Q24 and 1Q25 due to the carryover effect, with a portion of sales still being made at lagged prices, composed before some rounds of readjustments.

We believe that we have already passed the bottom of this cycle in pulp. In the pulp segment, price volatility increased at the end of 3Q24, especially in BHKP, driven by margin pressure on Chinese paper producers, particularly in the tissue sector, and by the start of operations of new production capacities - such as Suzano's Cerrado Project, through the new plant in Ribas do Rio Pardo (MS) and Liansheng's new integrated line in Zhangpu (China), which together add ~4Mtpy to the market. These capacity additions ended up returning the feeling of oversupply of market pulp, putting voracious pressure on prices between Q3 and Q4. However, signs of recovery emerged at the beginning of 2025, when pulp prices showed an unexpected increase.

Our reading is that BHKP China prices will stabilize at ~US$570/t in April, rising to US$630/t Genial Est. by 2Q25, driven by an improvement in demand and possible capacity cuts in old plants by major players, although the sustainability of this movement will have to be closely monitored. As such, we believe that the bottom of this cycle was the US$550/t marked in December. For BSKP Europe, we have seen a compression in the spread vs. BHKP in recent months, so we believe that the spread could rise again by 2H25, as we see room in the face of the reduced supply of long fiber.

The cooling down movement of the Fx rate has influenced the fall in shares this year. It is important to comment that although the **USD/BRL Fx rate** is cooling down, having contracted by **-8% YTD**, and driving the very similar **-9% YTD drop** in the **company's shares**, we still remind investors that Brazil went through its parliamentary recess period at the beginning of the year and more volatility may occur throughout 2025. On the international side, the announcements about tariffs applied by the recent Trump administration ended up raising inflation expectations in the US, with the Fed adopting a “higher for longer” stance, influencing the interest rate differential between Brazil (which is on a trajectory of SELIC hikes) and the US (which will only have a -25bps cut by the end of the year). We expect the Fx rate to rise again and hover around the **~R$6.00 level throughout 1H25**. This variation directly affects the competitiveness of exports, especially in the pulp and kraftliner markets.

FCFE should return to positive territory, but still at marginal pace. We believe that the main indicators point to a scenario of improvement in FCFF for 4Q24, although challenges persist in FCFE. Our estimate for **CAPEX is R$733m Genial Est.** (-4.4% q/q). At the same time, we project a slightly stronger EBITDA (+4.2% q/q), and a softening in the release of working capital, estimated at +R$481mn. However, we believe that the main impact on FCFE is again due to **(i)** net debt funding and interest paid, and **(ii)** some Fx rate variation items. As a result, we believe FCFE should return to positive territory after last quarter's drop due to the Caetê Project payment. Even so, our model points to a figure that is only marginally positive, with a visible improvement from 1Q25 onwards, mainly due to the Plateau Project, **raising +R$1.8bn by 2Q24**, with a possible additional +R$900mn of earn out.

When we asked the company if it had any update on the achievement of the metrics to unlock this additional resource for cash flow, the company commented that it is following the normal procedure, focusing on the two tranches that would total +R$1.8bn, but that it does not yet see any major impediments to the additional, although it cannot clearly specify that it will be unlocked.

Lower dividends, focusing on the deleveraging process. As we have highlighted in previous reports, we consider it unlikely that Klabin will pay the cap of its dividend policy, even after lowering the target to 10-20% of adjusted EBITDA (vs. 15-25% previously). For us, this refers to still-depreciated FCFE levels in the short term, coupled with the robust debt ratio. Although the company has already signaled a **preference for reducing leverage** between the end of 2024 and throughout 2025, we believe there is still some way to go. Our **Dividend Yield** for **24E** remains at **~5.0%**, but we have slightly improved that for **2025E** to **~5.5%** (vs. 5.1% previously). As for leverage, we believe there will be a slight reduction, to **4x Net Debt/EBITDA** in BRL in **4Q24** (vs. 4.1x in 3Q24), reaching **3.7x in USD**. Looking ahead, we expect the **deleveraging path** to leave the company at **3.3x Net Debt/EBITDA 25E** (-0.7x in 12M).

Paper resilience vs. pulp volatility. In our analysis, we believe that Klabin continues to offer a differentiated combination of resilience and growth potential for investors seeking exposure to the Pulp & Paper sector. In our view, the company has demonstrated the ability to **overcome the challenges of low pulp prices**, leveraging the diversification of its portfolio - with a highlight on the solid performance of the paper and packaging segments, where demand for kraftliner and corrugated boxes remains robust, in addition to the **incremental price expectation** realized **in paperboard** with the **shift of PM28 production** throughout 2025 as the **more specific grades** of the homologation process are approved by clients. In addition, we see the **commitment to deleveraging** as one of the **triggers for stock appreciation** throughout the year.

We believe that **4Q24 will prove once again** that the company's **diversification thesis is a significant competitive differentiator**. Pulp prices contracted by double digits vs. last quarter on the BHKP market curve, while for BSKP the drop was mid-single digit. However, the company's EBITDA should be uplifted a little bit, due to the more resilient dynamics of the Paper & Packaging segment, which will make up ~66% of consolidated EBITDA, according to our estimates. In addition, the **valuation remains attractive**, with the company trading at **6.2x EV/EBITDA 25E** (below the historical average of ~7x). Our outlook is consolidated on the basis of: **(i)** the consistent performance of the Paper and Packaging segments; **(ii)** the positive impact of the Plateau Project on improving the capital structure, by reducing leverage and strengthening financial discipline; and **(iii)** the continued progress of strategic ramp-ups - such as PM28 and the Figueira Project - which expand the portfolio of higher value-added products and offer prospects for sustainable growth. Given this scenario, we reiterate our **BUY rating**, with a **12M Target Price** of **R$27.00**, representing an **upside** of **+29.00%**.

Appendix: Klabin

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

Income Statement	2024E	2025E	2026E	2027E	2028E
Net Revenue	**19.489**	**20.909**	**22.128**	**22.465**	**22.698**
(-) COGS	(12.848)	(13.821)	(14.190)	(14.562)	(14.813)
Gross Profit	**7.569**	**8.556**	**8.816**	**8.747**	**8.555**
(-) Expenses	(3.259)	(5.199)	(5.210)	(4.691)	(4.408)
Adjusted EBITDA	**7.397**	**7.082**	**7.049**	**7.009**	**7.391**
(-) D&A	(4.021)	(5.494)	(4.322)	(3.797)	(3.915)
EBIT	**4.301**	**3.357**	**3.606**	**4.056**	**4.147**
(+/-) Financial Result	(1.914)	(908)	(1.094)	(1.041)	(569)
(-) Taxes	(493)	(532)	(546)	(386)	(455)
Net income	**1.908**	**1.932**	**1.981**	**2.643**	**3.137**
Profitability					
Net margin (%)	9,79%	9,24%	8,95%	11,77%	13,82%

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

Cash Flow (FCFF)	2024E	2025E	2026E	2027E	2028E
Net Revenue	**19.489**	**20.909**	**22.128**	**22.465**	**22.698**
(-) COGS	(12.848)	(13.821)	(14.190)	(14.562)	(14.813)
Adjusted EBITDA	**7.397**	**7.082**	**7.049**	**7.009**	**7.391**
EBIT	**4.301**	**3.357**	**3.606**	**4.056**	**4.147**
(-) Taxes	(493)	(532)	(546)	(386)	(455)
(+) D&A	4.021	5.494	4.322	3.797	3.915
(+/-) Δ WK	(558)	(208)	(159)	(70)	(14)
(-) Capex	(3.282)	(3.279)	(2.849)	(2.836)	(2.588)
FCFF	**3.989**	**4.832**	**4.374**	**4.560**	**5.005**

Disclosure Section

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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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