

# KLABIN

## 2Q25 Review: Operational improvement, but at what cost?

LatAm Pulp & Paper

### Main takeaways:

(i) **Kraftliner**: Sales of **145Kt** (+4.3% vs. Genial Est.; +17.2% q/q; +2.7% y/y), due to greater penetration in markets such as India, China, and Ecuador; (ii) **Corrugated cardboard boxes**: Sales of **236Kt** (+3.5% vs. Genial Est.; +9.2% q/q; +4.3% y/y), justified by the expansion of the strategic customer base and greater logistical efficiency; **price** reached **R\$6,423/t** (+2.4% vs. Genial Est.; +2.2% q/q), driven by a more premium mix; (iii) **BHKP pulp**: Sales of **279Kt** (+7.3% vs. Genial Est.; +17.4% q/q; +10.0% y/y), due to the full resumption of the Ortigueira (PR) plant; (iv) **BSKP Pulp + Fluff**: **Price** of **R\$5,722/t** (+1.7% vs. Genial Est.; +2.9% q/q), favored by higher fluff share, improved service levels, and a more favorable geographic mix; (v) **Net Revenue** reached **R\$5.2bn** (+3.7% vs. Genial Est.; +8.0% q/q; +6.0% y/y), with positive contributions from all divisions, especially packaging and pulp; (vi) **COGS/t of pulp ex-shutdowns** of **R\$1,291/t** (+3.3% vs. Genial Est.; +1.8% q/q), pressured by wood and chemical costs; (vii) **Adjusted EBITDA** totaled **R\$2.0bn** (+0.2% vs. Genial Est.; +9.8% q/q; -0.5% y/y), with a positive surprise in the pulp division offsetting lower results in paper & packaging; (viii) :Despite the operational improvement in 2Q25, the advances were accompanied by a still **pressured cost structure in the packaging division**, whose verticalization limited the conversion into EBITDA; the positive highlight was pulp, which showed good operating conversion; for 2H25, we project a greater role for the paper & packaging divisions, if the company manages to increase volumes, dilute costs, and strengthen the premium mix; even in the face of a challenging scenario for **pulp**, with high inventories in China and expanding global supply, we remain confident in the company's structural **diversification** thesis; we reiterate our **BUY rating**, with a **12M Target Price** of **R\$23.50**, implying an **upside of +31.4%**.

### Analysts

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

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

**Iago Souza**  
+55 (11) 3206-8244  
iago.souza@genial.com.vc

### Company

**KLBN11 BZ Equity**  
**Buy**

**Price:** R\$ 17.88 (05-Aug-2025)  
**Target Price 12M:** R\$ 23.50

Table 1. Shipments Summary (2Q25 vs. Genial Est.)

(Thousand Tonnes - kt)	Reported			Genial Est.		Reported	
Summary (Shipments)	2Q25	2Q25E	% R/E	1Q25	% q/q	2Q24	% y/y
Kraftliner	145	139	4,3%	124	17,2%	141	2,7%
Paperboard	200	201	-0,5%	187	6,9%	214	-6,4%
Corrugated boxes	236	228	3,5%	216	9,2%	226	4,3%
Industrial Bags	36	34	5,3%	34	5,9%	35	1,9%
BHKP Pulp	279	260	7,3%	238	17,4%	254	10,0%
BSKP + Fluff Pulp	116	118	-1,7%	107	8,1%	117	-1,0%

Source: Genial Investimentos, Klabin

Table 2. Income Statement Summary (2Q25 vs. Genial Est.)

(R\$ millions)	Reported			Genial Est.		Reported	
Income Statement	2Q25	2Q25E	% R/E	1Q25	% q/q	2Q24	% y/y
Net Revenue	5.247	5.060	3,7%	4.859	8,0%	4.949	6,0%
Adjusted EBITDA	2.041	2.038	0,2%	1.859	9,8%	2.052	-0,5%
Net Income	585	361	62,0%	446	31,0%	315	85,6%

Source: Genial Investimentos, Klabin

Klabin released its **2Q25** results today, **August 5**. Overall, the company managed to **exceed volumes** compared to our estimates **in basically all business lines**, except for BSKP + Fluff (-1.7% vs. Genial Est.) and Paper Cardboard (-0.5% vs. Genial Est.). On the **negative** side, **integration costs** for the conversion of corrugated boxes continue to **accelerate**, with **COGS/t** in the **packaging** division reaching **R\$5,537/t** (+14% vs. Genial Est.), expanding +15% q/q.

On the other hand, among the **most positive takeaways** are: **(i)** shipments of **kraftliner**, which totaled **145Kt** (+4.3% vs. Genial Est.), with strong growth of +17.2% q/q and +2.7% y/y, exceeding our projections due to the diversification strategy for underpenetrated geographies (although this came with a low average ticket, with compression of -2.4% q/q). In addition, **(ii)** the **corrugated box** division also achieved **very positive operating performance** (volume and price), with shipments of **236Kt** (+3.5% vs. Genial Est.), accelerating +9.2% q/q and +4.3% y/y, even with the rest of the market shrinking (-0.7% y/y, Empapel data), supported by the expansion of the customer base focused on exports (in the face of weaker domestic consumption) and the start of operations at the Piracicaba II converter (Figueira Project), with improvements in service levels and logistics. The **realized price** also caught our attention, standing at **R\$6,423/t** (+2.4% vs. Genial Est.), up +2.2% q/q and +12.4% y/y, **exceeding our estimates** given the greater penetration of the premium mix (precisely geared towards exports) and resilience in essential segments of the domestic market.

For the **pulp** business, **BHKP** shipments reached **279Kt** (+7.3% vs. Genial Est.), up +17.4% q/q and +10% y/y, driven by the rapid resumption of the Ortigueira (PR) plant after operational bottlenecks in the previous quarter had restricted volumes. On the **realized price** side, the company reported **R\$3,313/t** (-0.1% vs. Genial Est.), with a slight increase of +0.8% q/q, despite the downturn in the reference curve (FOEX China: -3% q/q in USD), with a lag vs. spot prices, given that the backlog had a pricing lag and the adjustments made at the beginning of the year are only now becoming apparent. We expect the downturn in the curve to affect the results for 3Q25. For **BSKP + Fluff**, shipments stood at **116Kt** (-1.7% vs. Genial Est.), slightly below expectations, but offset by **price**, which reached **R\$5,722/t** (+1.7% vs. Genial Est.), up +2.9% q/q and +21.8% y/y.

The company posted consolidated **net revenue** of **R\$5.2bn** (+3.7% vs. Genial Est.), an increase of +8.0% q/q and +6.0% y/y, exceeding our forecast with positive contributions from the three main divisions — particularly packaging and pulp. **COGS/t ex-strikes for pulp** rose to **R\$1,291/t** (+3.3% vs. Genial Est.), accelerating +1.8% q/q and +7.1% y/y, exceeding our estimate in view of broader than anticipated pressure, primarily from higher wood costs, reflecting difficulties caused by increased rainfall in the region where the company operates. On the other hand, **COGS/t including stoppages** reached **R\$1,321/t** (-0.1% vs. Genial Est.), with growth of +4.2% q/q and +9.6% y/y, but in line with our expectations, reflecting the lower effect on the cost structure from scheduled maintenance in Otacílio Costa (SC).

Consolidated **adjusted EBITDA** reached **R\$2.0bn** (+0.2% vs. Genial Est.), registering an increase of +9.8% q/q, although with a slight decline of -0.5% y/y, in line with our projections, due to opposing movements between the divisions: **positive surprise in pulp** (+39% vs. Genial Est.) and **negative in paper & packaging** (-17% vs. Genial Est.).

In the pulp division, EBITDA reached R\$864mn (+24.6% q/q; +0.8% y/y), with operating performance substantially higher than projected, sustained by the combined effect of robust volumes in BHKP, higher-than-expected prices in BSKP + Fluff, and costs in line with expectations. On the other hand, EBITDA in the paper & packaging division totaled R\$1.2bn (+0.9% q/q; -1.6% y/y), falling short of our expectations due to higher-than-expected pressure on the cost structure.

**Net income** reached **R\$585mn** (+62% vs. Genial Est.), representing a +31% q/q increase and robust +85.6% y/y growth, with a net margin of 11.1% (+2.0 p.p. q/q; +4.8 p.p. y/y), driven mainly by the non-cash effect related to the change in the fair value of biological assets (+R\$377mn), raising **EBIT** to **R\$1.3bn** (+63% vs. Genial Est.). Even with the loss in net financial income of R\$566mn (+86% vs. Genial Est.), pressured by higher financial expenses — especially due to the early settlement of swap debts in 1Q25 —, the non-cash operating effect ended up being predominant, contributing to the strong positive deviation in the bottom line.

## 2Q25 Review: In detail!

**Kraftliner: Market share expansion above projections.** The containerboard unit (Kraftliner + recycled) posted shipments of 145Kt (+4.3% vs. Genial Est.), registering growth of +17.2% q/q and +2.7% y/y, exceeding our forecast due to higher sales in markets such as India, China, and Ecuador, in addition to the effects of the MP28 ramp-up and greater operational elasticity, which mitigated logistical bottlenecks. Although we already expected that geographical diversification would support higher volumes, the intensity was above our estimates, even causing the unit to increase shipments on an annual basis, against our expectations of stability.

The realized price reached R\$4,083/t (-0.3% vs. Genial Est.), down -2.4% q/q, but with strong growth of +21.6% y/y, in line with our assumptions due to the support of several rounds of price adjustments implemented in 2H24, coupled with a more pronounced reduction in carry-over — which freed up a significant portion of the backlog with updated prices — and the depreciation of the average USD/BRL FX rate (-3% q/q). In addition, as we had already mentioned in our preliminary report, the strategy of increasing sales penetration in areas not so explored by the company meant that it had to reduce the average ticket, which justifies a lower realized price in the sequential comparison.

**Paperboard: Persistent imports contained a recovery in demand.** The company reported shipments of paperboard reaching 200Kt (-0.5% vs. Genial Est.), registering expansion of +6.9% q/q and a decline of -6.4% y/y, slightly below our forecast, reflecting a slightly more gradual restructuring of demand than we had anticipated. The slight deviation from our estimate is mainly due to the continued adverse competitive environment in the domestic market, with emphasis on the residual impact of increased imports, especially from China, within the apparent consumption of non-specific grades. We had already observed this in the previous quarter, but the persistence of this volume further hinders the transfer of a recovery in domestic consumption, which in turn fell by -3% y/y between January and May. In addition, the still slow pace of technical approvals of MP28 with customers for more specific grades (such as bleached card) continued to restrict not only the potential for sales growth but also the presence of stronger realized prices.

Therefore, on the price side, we observed basic stability in sequential terms (-0.1% q/q), remaining at R\$5,619/t (+0.1% vs. Genial Est.), with a +3.1% y/y increase. Pricing behavior was in line with our assumptions, reflecting the slowdown in the pace of pass-through in a still challenging macroeconomic environment and price support via indexed contracts — notably in the more resilient segments.

**Corrugated Boxes: Positive surprise across all factors.** The corrugated boxes division reached shipments of 236Kt (+3.5% vs. Genial Est.), up +9.2% q/q and +4.3% y/y, exceeding our forecast, which was already above the market average. As we had anticipated, the packaging segment is undergoing a contraction, with a -0.7% y/y decline in corrugated box sales, according to data from Empapel. We believe that **(i)** the even more prominent expansion of the strategic customer portfolio, with emphasis on the fruit and protein segments, and **(ii)** the logistical flexibility provided by the ramp-up of the conversion unit in Piracicaba II (Figueira Project), were key factors for good performance, even though the rest of the market is shrinking. In addition, we believe that the increase in m2 (+6% y/y) also signals the success of the gradual conversion strategy to Eukaliner, a patented technology that reduces the weight of corrugated boxes without compromising the physical characteristics of the packaging.

As if volume expansion were not enough, we also saw the realized price rise to R\$6,423/t (+2.4% vs. Genial Est.), up +2.2% q/q and +12.4% y/y, also exceeding our estimates due to a more pronounced advance in the premium mix, supported by greater penetration in higher value-added segments and the maintenance of price increases implemented in 4Q24. Despite the more restrictive macro scenario, with high interest rates (SELIC at 15%) and pressure on durable goods consumption (which potentially reduces demand for packaging), we saw that the company's portfolio remained resilient, supported by cardboard boxes for essential consumption in the domestic market and for export.

**Industrial Bags: Volume surprises positively; price levels still high.** The company reported shipments of 36Kt (+5.3% vs. Genial Est.), up +5.9% q/q and +1.9% y/y, exceeding our expectations due to more resilient demand in the domestic market, sustained by the seed, chemical, and mortar segments, which at least partially offset the slowdown in civil construction. The positive surprise in volume is also corroborated by preliminary SNIC data, which pointed to a slight increase of +1% y/y in cement shipments in the quarter, higher than initially projected.

The realized price was R\$9,644/t (-0.6% vs. Genial Est.), down -2.0% q/q and up +8.1% y/y, marginally below our estimate, reflecting a less favorable sales mix than anticipated. Even so, the realization level remains high in historical terms, anchored by greater penetration in niches with lower price elasticity and the depreciation of the USD/BRL, which continues to make the company's portfolio competitive.

**Pulp: BHKP volume and BSKP + Fluff prices stand out.** For BHKP, the company reported sales of 279Kt (+7.3% vs. Genial Est.), up +17.4% q/q and +10.0% y/y, easily exceeding our estimate given the full return of operations at the Ortigueira (PR) plant, combined with improved logistics—especially in exports—and greater allocation of sales to international markets.

The realized price reached R\$3,313/t (-0.1% vs. Genial Est.), with a slight increase of +0.8% q/q, despite the downturn in the reference curve (FOEX China: -3% q/q in USD). Even so, there was a contraction of -14.6% y/y. The figure was essentially in line with our projection, still reflecting the lagged effect of adjustments (carry-over), which explains why the spot curve contracted sequentially and yet the company still achieved a higher realized price.

In addition, there is also greater exposure of the mix to the European curve, which performed more benignly, rising +10% q/q in USD — which partially offset the deterioration in prices in China. In BSKP + Fluff, shipments reached 116Kt (-1.7% vs. Genial Est.), with an expansion of +8.1% q/q and a slight decline of -1.0% y/y, slightly below expectations, due to weaker demand in Europe. The realized price was R\$5,722/t (+1.7% vs. Genial Est.), up +2.9% q/q and robust growth of +21.8% y/y, exceeding our estimates due to **(i)** the greater representation of fluff; **(ii)** improved service levels and geographic diversification strategy; and **(iii)** resilience in spreads for long fiber/fluff.

**Net Revenue: Estimates exceeded across the board.** The company reported consolidated net revenue of R\$5.2bn (+3.7% vs. Genial Est.), an increase of +8.0% q/q and +6.0% y/y, exceeding our forecast with positive contributions from the three main divisions — particularly packaging and pulp. In the packaging division, revenue totaled R\$1.9bn (+5.6% vs. Genial Est.), advancing +9.9% q/q and +15.7% y/y, driven by higher-than-expected volumes in corrugated boxes (+3.5% vs. Genial Est.) and industrial bags (+5.3% vs. Genial Est.), in addition to the effect of exceeding previous projections in the realization of corrugated paper prices (+2.4% vs. Genial Est.).

In pulp, revenue reached R\$1.6bn (+4.0% vs. Genial Est.), with growth of +15.2% q/q, and remained flat on an annual basis (-0.1% y/y), also exceeding our estimates due to better BHKP shipments (+7.3% vs. Genial Est.) and realized prices for BSKP + Fluff (+1.7% vs. Genial Est.). Finally, the paper division reported revenue of R\$1.7bn (+1.0% vs. Genial Est.), up +9.2% q/q and +4.6% y/y, slightly above our projections.

**Table 3. Net Revenue Klabin (2Q25 vs. Genial Est.)**

(R\$ Millions)	2Q25	2Q25E	% R/E	1Q25	% q/q	2Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
<b>Net Revenue</b>	<b>5.247</b>	<b>5.060</b>	<b>3,7%</b>	<b>4.859</b>	<b>8,0%</b>	<b>4.949</b>	<b>6,0%</b>
Paper	1.715	1.698	1,0%	1.570	9,2%	1.639	4,6%
Packaging	1.860	1.761	5,6%	1.693	9,9%	1.607	15,7%
Pulp	1.587	1.526	4,0%	1.378	15,2%	1.588	-0,1%
Wood	83	47	77,4%	226	-63,3%	65	26,9%
Others	2	29	-93,0%	(8)	-124,5%	49	-95,9%

Source: Genial Investimentos, Klabin

**COGS/t: Higher wood expenses, but with less impact from the shutdown.**

COGS/t ex-shutdowns for pulp was reported at R\$1,291/t (+3.3% vs. Genial Est.), up +1.8% q/q and +7.1% y/y, indicating higher costs than we expected, given broader-than-anticipated pressure on some components of the cost structure. The deviation from the forecast primarily reflects **(i)** the increase in the cost of standing timber extraction, reflecting difficulties caused by increased rainfall in the region where operations are located; and **(ii)** higher spending on spot purchases of wood from third parties, due to planned maintenance at the sulfuric acid plant, in addition to higher prices for chlorate and caustic soda in the quarter.

On the other hand, COGS/t including downtime reached R\$1,321/t (-0.1% vs. Genial Est.), with growth of +4.2% q/q and +9.6% y/y, but in line with our expectations, reflecting the lower effect on the cost structure from scheduled maintenance in Otacílio Costa (SC). It is also worth noting that COGS/t for the packaging division, resulting from integrated verticalization, reached R\$5,537/t (+15.3% vs. Genial Est.), growing +15% q/q and adversely affecting the operating efficiency that should have occurred, mainly due to the higher level of shipments from the unit (+4% vs. Genial Est.) and its potential dilutive effect on the fixed cost structure.

**EBITDA: Positive surprise in pulp is offset by paper & packaging.** Consolidated adjusted EBITDA reached R\$2.0bn (+0.2% vs. Genial Est.), up +9.8% q/q, although with a slight decline of -0.5% y/y, in line with our projections. The neutral performance relative to the estimate reflects opposing movements between the divisions: a positive surprise in pulp (+39% vs. Genial Est.) and a negative surprise in paper & packaging (-17% vs. Genial Est.). In the pulp division, EBITDA reached R\$864m (+24.6% q/q; +0.8% y/y), with operating performance substantially higher than projected, sustained by the combined effect of robust volumes in BHPK (+7.3% vs. Genial Est.), higher-than-expected prices in BSKP + Fluff (+1.7% vs. Genial Est.), and costs in line with expectations (-0.1% vs. Genial Est.).

On the other hand, EBITDA for the paper & packaging division totaled R\$1.2bn (-17% vs. Genial Est.), practically stable at +0.9% q/q, but down -1.6% y/y, falling short of our expectations. Despite favorable revenue performance in both divisions, pressure on the cost structure above projections, mainly related to integration and packaging conversion, resulted in a worse operating result for the unit.

**Table 4. EBITDA Klabin (2Q25 vs. Genial Est.)**

(R\$ Millions)	2Q25	2Q25E	% R/E	1Q25	% q/q	2Q24	% y/y
	Reported	Genial Est.		Reported		Reported	
<b>Adjusted EBITDA</b>	<b>2.041</b>	<b>2.038</b>	<b>0,2%</b>	<b>1.859</b>	<b>9,8%</b>	<b>2.052</b>	<b>-0,5%</b>
Paper & Packaging	1.176	1.416	-17,0%	1.166	0,9%	1.195	-1,6%
Pulp	864	622	39,0%	693	24,6%	857	0,8%

Source: Genial Investimentos, Klabin

**Net income: Above estimates driven by non-cash effect.** The company reported net income of R\$585mn (+62% vs. Genial Est.), representing a +31% q/q increase and robust +85.6% y/y growth, with a net margin of 11.1% (+2.0 p.p. q/q; +4.8 p.p. y/y). The result significantly exceeded our projections, driven by a non-cash effect related to the change in the fair value of biological assets of +R\$377mn, reflecting the positive price variation in the period based on surveys conducted by specialized companies and the positive result of +R\$111mn in the “growth” line, due to forest management during the period, which resulted in EBIT of R\$1.3bn (+63% vs. Genial Est.).

Therefore, even with a negative financial result of -R\$566mn (+86% vs. Genial Est.), penalized by the increase in financial expenses, which totaled R\$822mn, explained by the effect of the settlement of NCEs with swaps in 1Q25, the bottom line reached R\$585mn (+62% vs. Genial Est.), with the effect of the forest revaluation more than offsetting the worse net financial balance for the period.

**Table 5. Income Statement (2Q25 vs. Genial Est.)**

(R\$ Millions)	2Q25 Reported	2Q25E Genial Est.	% R/E	1Q25 Reported	% q/q	2Q24 Reported	% y/y
<b>Net Revenue</b>	<b>5.247</b>	<b>5.060</b>	<b>3,7%</b>	<b>4.859</b>	<b>8,0%</b>	<b>4.949</b>	<b>6,0%</b>
COGS	(3.474)	(3.514)	-1,1%	(3.613)	-3,8%	(3.194)	8,8%
<b>Adjusted EBITDA</b>	<b>2.041</b>	<b>2.038</b>	<b>0,2%</b>	<b>1.859</b>	<b>9,8%</b>	<b>2.052</b>	<b>-0,5%</b>
EBITDA Margin (%)	38,9%	40,3%	-1,4p.p	38,3%	0,6p.p	41,5%	-2,6p.p
<b>EBIT</b>	<b>1.286</b>	<b>789</b>	<b>63,0%</b>	<b>926</b>	<b>38,8%</b>	<b>994</b>	<b>29,4%</b>
EBIT Margin (%)	24,5%	15,6%	8,9p.p	19,1%	5,4p.p	20,1%	4,4p.p
D&A	(1.127)	(1.111)	1,4%	(1.299)	-13,3%	(989)	13,9%
Financial Result	(566)	(305)	85,7%	(158)	257,0%	(563)	0,5%
<b>Net Income</b>	<b>585</b>	<b>361</b>	<b>62,0%</b>	<b>446</b>	<b>31,0%</b>	<b>315</b>	<b>85,6%</b>
Net Margin (%)	11,1%	7,1%	4p.p	9,2%	2p.p	6,4%	4,8p.p

Source: Genial Investimentos, Klabin

## Our Take on Klabin

**FCF ex-Plateau below expectations.** The company reported **FCF ex-Plateau** of **R\$134mn** (-65% vs. Genial Est.), representing a sharp compression of **-74.7% q/q** and **-52.7% y/y**, slightly disappointing our forecast. The discrepancy with our estimate was mainly due to **(i)** higher net financial expenses, which reached **-R\$652mn** (+17.5% vs. Genial Est.), as a result of lower gains on financial investments and higher interest expenses linked to debt prepayments; and **(ii)** the need to use working capital (WC) in the amount of **-R\$124mn** (vs. a projection of a slight release of funds), reversing the positive dynamics typical of 2Qs, which ended up more than offsetting **(iii)** lower-than-expected cash outflows with **CAPEX**, which reached **R\$745mn** (-14% vs. Genial Est.), basically rising +7% q/q, although it is actually contracting -24% y/y, reflecting the end of the expansion cycle and the cooling of disbursements on structural projects; and **(iv)** low income tax and social contribution payments, which, among other things, reflect the positive impact of prepayments made during the quarter, which reduced taxable income due to the calculation of FX rate variations on debt.

In addition, the company announced the **payment of dividends** in the amount of **R\$306mn**, or **R\$0.05/share**, on the units (fully in line with Genial Est.), with an annualized value reaching **5.1% yield**, which justifies maintaining our **Dividend Yield 25E** projection at **5.5%**. It is worth noting that the payment will be made on Aug. 19, and the shares will begin trading ex-dividends on Aug. 11, 2025.

**Flat q/q leverage in USD.** Regarding leverage, the company reported a **Net Debt/EBITDA** ratio (in USD) of **3.9x** (+0.1x vs. Genial Est.), slightly above expectations due to **(i)** lower recurring FCF generation (R\$134mn vs. R\$390mn Genial Est.); and **(ii)** lower inflow from the **Plateau Project** (-7% vs. Genial Est.). The reduction in the nominal value of debt issued in foreign currency derived from the reduction in the USD/BRL FX rate EoP in the sequential movement (R\$5.46 vs. R\$5.74 in 1Q25) contributed to the decline in the indicator in **BRL**, which fell to **3.7x** (+0.1x vs. Genial Est.).

Gross debt ended the quarter at R\$36bn (-2.5% q/q), while the cash position closed at R\$8.1bn (+25% q/q), resulting in **net debt** of **R\$28bn** (-8% q/q). The reduction in nominal value was favored by several factors, including: **(iii)** funding of R\$3.7bn in the period, with emphasis on external issuances; **(iv)** amortizations of R\$2.8bn, mainly related to prepayments of USD-denominated lines — with a focus on NCE and syndicated loans; and **(v)** contribution of +R\$651mn from the second tranche of the Plateau Project.

In addition, as disclosed to the market in early July, the company carried out the **partial early settlement** of a syndicated loan agreement (Synd loan), originally maturing in **2028**, in the number of **US\$150mn** (~R\$825mn), to reduce gross debt through the receipt of the Plateau Project in FCF (more on this below). On the other hand, the company also carried out **additional fundraising** through a Rural Product Notes (Cédulas de Produto Rural, or CPR) agreement, with financial settlement, book-entry, in two series, totaling **R\$1.5bn** (~US\$270mn) and maturing in **2032** and **2035**.

**Plateau Project: Second installment received below expectations.** We have determined that the company has received, to date, **+R\$1.5bn** in contributions related to the Plateau project, divided between the first installment of **+R\$800mn**, received in February, and the **second installment of +R\$651mn** (-7% vs. Genial Est.), received in **2Q25**. There is still a third installment of **+R\$300mn**, scheduled for **2H25**, which is part of the total amount originally committed of **+R\$1.8bn**. The company was supposed to receive +R\$700mn in this quarter. As this did not occur, it is possible that the third installment will come with a gross up of +R\$50mn. In addition, we continue to emphasize that negotiations are ongoing involving the **additional contribution of +R\$900mn** (earn-out), but this was already **left as an option** when the deal was announced in October last year.

However, although the company believes that the negotiations are progressing positively, we reiterate that we have not yet incorporated this amount into our model, adopting a conservative stance to avoid distortions in leverage and FCF indicators. If the amount is paid, it will generate an additional reduction of **-0.1x** in the **Net Debt/EBITDA** indicator, due to **upside** potential in **FCF**.

**Kraftliner: Capacity cuts in the US are stabilizing, not disruptive.** We note that the main US producers of Kraftliner — including International Paper, Georgia-Pacific, and Smurfit Westrock — announced at the beginning of the year **combined cuts of -2.1Mt** (in 12M), equivalent to **~2% of global capacity** and representing a historic decline in US plants. The closure of old capacity tends to **mitigate oversupply**, acting as a stabilizing anchor for prices — **but we do not expect a recovery**. We remind investors that Kraftliner, although a paper product, follows slightly more commoditized trends linked to global supply. That is, we believe that the asymmetry between volume cuts and still weak consumption recovery dampens Kraftliner producers' power to promote further price adjustments, **beyond those made** between 4Q24 and 1Q25.

On the demand side, growth expectations remain moderate. According to our estimates, **apparent consumption** in the Kraftliner market should rise **+5% y/y** in the North American market. However, although the structural vector (sustainability, plastic substitution, environmental regulation) is favorable, we still believe that the timing of the recovery in demand remains uncertain, with old capacity cuts serving more to purge the **excess supply**, which rose **+10% in two years** in the US.

**Paperboard: Stability disguised as progress.** The trajectory of the **Cardboard** division should remain marked by a **dynamic of contained recovery**, in which signs of improvement still lack broad support. The expected **closure of capacity** in the order of **820Kt in 2025** (entirely by International Paper in the US) indicates a market also with a tendency toward excess supply, contributing to a slightly more commoditized relationship in non-specific grades and a more pressured market in the short term.

We highlight that last quarter, we saw a higher volume of cardboard imports—mainly from China—reaching the Brazilian market. However, it seems that this level of penetration has declined slightly sequentially. At the heart of this equation is the approval of new specific grades produced by MP28, especially for higher value-added applications, such as bleached cardboard.

However, even though the development of this application in approval with the customer portfolio tends to reposition MP28's production towards more sophisticated markets, the company should still make a **shift smaller than initially expected** between the tradeoff of **Kraftliner vs. Cardboard**, since macroeconomic conditions are not so encouraging. In the domestic environment, we are seeing the effects of high interest rates (SELIC at 15%) and uncertainties linked to US government tariff interventions. Therefore, we have lowered our estimate for **Cardboard shipments to 846Kt 25E** (+3.5% y/y vs. +5.5% y/y previously).

**Corrugated Boxes: Resilient for now, but tariffs may have an impact.** Even in a challenging macroeconomic environment, established by the maintenance of a high terminal interest rate in Brazil, the performance of the corrugated cardboard box division shows resilience, at least for now. In scenarios where consumption of durable goods tends to decline — typical behavior in high-interest rate cycles, diversification through **(i)** market niches and **(ii)** the export bias of a significant portion of the company's customer portfolio, which is closely linked to the **food sector** (mainly fruits and proteins), ends up acting as a natural mechanism for absorbing specific sectoral shocks.

On the other hand, we believe that the impact of the **50% tariffs imposed by the US** on all Brazilian products is likely to be felt, given that Brazil is a major supplier of fruit and protein to the US. Yesterday (June 30), the **US government granted exemptions from the tariffs** for certain products, including cellulose and orange juice. However, beef and coffee were not listed, meaning that the tariffs remain in place.

The country is currently the world's largest exporter of beef and ranked second among the main suppliers to the US in 2024, with shipments exceeding 229Kt and revenue of ~US\$1.4bn (or ~R\$7.8bn). It is worth mentioning that the US's dependence on imported beef is spread across other supplier countries, with Brazil accounting for ~15% of this demand. However, in 2025, the impetus for meatpackers to export beef to the US was increasing, given the cattle cycle at the peak of its negative phase and the very high cost of acquisition for slaughter in North America. Brazilian exports grew more than **+3x y/y between January and April**, even temporarily surpassing Australia as the main monthly supplier. It is possible that with the tariffs, part of the volume that would have been exported to the US will be **directed to the domestic market**, but even so, **the need to pack meat in corrugated cardboard boxes** will remain (perhaps at a lower price).

In the short term, the second half of 2025 should bring more favorable conditions (holidays, increased consumption, unemployment at a historic low in Brazil). This growth vector is also anchored in **logistical advances**, such as the intensification of domestic maritime transport and the expansion of the company's regional presence in agro-industrial distribution hubs — elements that we believe will reduce inefficiencies. A significant part of the increase in service levels comes from the **ramp-up of the Figueira** project, a new plant located in Piracicaba (SP).

**Operational improvement, but at what cost?** From a fundamental's perspective, 2Q25 reinforced that diversification remains a central pillar of the company's identity, albeit with a shift in direction from what we anticipated in our previous report. The highlight of the quarter came from the **pulp** division, rather than the **paper** division, as originally projected. This was since the former was able to convert its revenue growth into operating income, while the latter was not as effective. Despite better-than-expected revenue performance in the **packaging** division, its cost structure — impacted by **full vertical integration** — remained under significant pressure, exceeding the company's already high historical standards.

For 2H25, we believe that if the company manages to transform the resilient momentum in demand for its **paper and packaging** units into effective EBITDA generation — supported by **sequential volume growth, fixed cost dilution**, and **improvements in the mix with premium products for export** — these divisions are likely to lead the results. This will be especially important given the expectation that the **pulp division** will face **headwinds** from increased global supply and still subdued demand, culminating in record port inventories in China, which reached 2.2Mt at the end of July (+22% YTD). We remain **supporters of the equity story** from a structural standpoint, but we understand that, on the other hand, **some investors may react negatively**, given that to offer a more premium mix and offset the decline in demand in the packaging market, the company ended up raising its costs too much.

However, we see other value levers surrounding the diversification thesis, given the exaggerated 22% YTD decline in share prices. Against this backdrop, coupled with the company's focus on **deleveraging** – which should support a healthier balance sheet – reducing its ratio to **3x Net Debt/EBITDA 25E** (3.7x in BRL in 2Q25), we reiterate our **BUY rating**, with a **12M Target Price** of **R\$23.50**, implying an **upside** of **+31.4%**.

## Appendix: Klabin

**Figure 1. Klabin – Income Statement in R\$ Millions (Genial Est. 2025-2028)**

Income Statement	2025E	2026E	2027E	2028E
<b>Net Revenue</b>	<b>21.053</b>	<b>22.264</b>	<b>22.678</b>	<b>22.998</b>
(-) COGS	(14.984)	(15.043)	(14.853)	(14.873)
<b>Gross Profit</b>	<b>7.140</b>	<b>7.991</b>	<b>8.561</b>	<b>8.714</b>
(-) Expenses	(2.875)	(3.056)	(3.131)	(3.192)
<b>Adjusted EBITDA</b>	<b>8.402</b>	<b>8.881</b>	<b>9.149</b>	<b>9.044</b>
(-) D&A	(4.137)	(3.945)	(3.720)	(3.522)
<b>EBIT</b>	<b>4.265</b>	<b>4.936</b>	<b>5.429</b>	<b>5.522</b>
(+/-) Financial Result	(2.225)	(2.043)	(2.046)	(1.938)
(-) Taxes	(404)	(584)	(415)	(422)
<b>Net income</b>	<b>1.851</b>	<b>2.324</b>	<b>2.983</b>	<b>3.176</b>
<b>Profitability</b>				
Net margin (%)	8,8%	10,4%	13,2%	13,8%

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

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
<b>Net Revenue</b>	<b>21.053</b>	<b>22.264</b>	<b>22.678</b>	<b>22.998</b>
(-) COGS	(14.984)	(15.043)	(14.853)	(14.873)
<b>Adjusted EBITDA</b>	<b>8.402</b>	<b>8.881</b>	<b>9.149</b>	<b>9.044</b>
<b>EBIT</b>	<b>4.265</b>	<b>4.936</b>	<b>5.429</b>	<b>5.522</b>
(-) Taxes	(404)	(584)	(415)	(422)
(+) D&A	4.137	3.945	3.720	3.522
(+/-) Δ WK	(490)	(66)	(77)	(37)
(-) Capex	(3.098)	(2.670)	(2.658)	(2.412)
<b>FCFF</b>	<b>4.411</b>	<b>5.562</b>	<b>5.999</b>	<b>6.172</b>

## Disclosure Section

### 1. GENERAL DISCLAIMER

This report has been produced by the research department (“Genial Institutional Research”) of Genial Institucional Corretora de Câmbio, Títulos e Valores Mobiliários S.A. (“GENIAL INSTITUTIONAL CCTVM”). Genial Institucional is a brand name of Genial Investimentos CCTVM.

#### 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%

This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.

This research report is for distribution only under such circumstances as may be permitted by applicable law. This research report has no regard to the specific investment objectives, financial situation or particular needs of any specific recipient, even if sent only to a single recipient. This research report is not guaranteed to be a complete statement or summary of any securities, markets, reports or developments referred to in this research report. Neither GENIAL INSTITUTIONAL CCTVM nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report’s preparation or publication, or any losses or damages which may arise from the use of this research report

GENIAL INSTITUTIONAL CCTVM may rely on information barriers, such as “Chinese Walls” to control the flow of information within the areas, units, divisions, groups, or affiliates of GENIAL INSTITUTIONAL CCTVM.

Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.

The value of any investment or income from any securities or related financial instruments discussed in this research report denominated in a currency other than U.S. dollars is subject to exchange rate fluctuations that may have a positive or adverse effect on the value of or income from such securities or related financial instruments.

Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by GENIAL INSTITUTIONAL CCTVM with respect to future performance. Income from investments may fluctuate. The price or value of the investments to which this research report relates, either directly or indirectly, may fall or rise against the interest of investors. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.

The locally listed shares of Brazilian companies may only be purchased by investors outside of Brazil who are “eligible investors” within the meaning of applicable laws and regulations.

## 2. ANALYST(S) DISCLOSURES AND CERTIFICATION

The principal analyst, IGOR GUEDES, is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

The analysts hereby certify that the views expressed in this research report accurately reflect their personal views about the subject securities or issuers and it was prepared in an independent manner, including with respect to the person and to GENIAL INSTITUTIONAL.

The analyst hereby certifies that he (she) has no connection with any individual who works for the issuer(s) discussed in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, either directly or indirectly, in his or her own name or on behalf of a third party, does not hold any of the securities covered in this report.

The analyst hereby certifies that he (she), or his (her) spouse or companion, is not directly or indirectly involved in the purchase, disposal or brokering of the securities covered in this report.

The analyst hereby certifies that he (she), or the his (her) spouse or companion, has no direct or indirect financial interest in the issuer covered in this report (other than trading shares in investment funds, in which the analyst cannot control, directly or indirectly, the administration or management of the fund, or which do not concentrate investments in sectors or companies that are covered by reports produced by the analyst).

The analyst's compensation is, directly or indirectly, determined by income from GENIAL INSTITUTIONAL's business and financial operations.

In addition, the analysts certify that no part of their compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed in this research report.

The compensation of the analyst who prepared this report is determined by research management and senior management (not including investment banking). Analyst compensation is not based on investment banking revenues, however, compensation may relate to the revenues of GENIAL INSTITUTIONAL CCTVM, its affiliates and/or subsidiaries as a whole, of which investment banking, sales and trading are a part. Compensation paid to analysts is the sole responsibility of GENIAL INSTITUTIONAL CCTVM.

The analyst hereby certifies that he (she), or his (her) spouse or companion, does not serve as an officer, director, or advisory board member of the subject company.

The principal analyst is responsible for the content of this report and for meeting the requirements of Securities and Exchange Commission of Brazil (CVM) Instruction 598/2018.

Unless otherwise stated, the individuals listed on the cover page of this report are research analysts.

### 3. ADDITIONAL DISCLOSURE

- (i) This document was prepared by GENIAL INSTITUTIONAL Research and is hereby supplied for the sole purpose of providing information about companies and their securities.
- (ii) The information contained herein is provided for informational purposes only and does not constitute an offer to buy or sell, and should not be construed as a solicitation to acquire, any securities in any jurisdiction. The opinions expressed herein regarding the purchase, sale or holding of securities, or with respect to the weighting of such securities in a real or hypothetical portfolio, are based on careful analysis by the analysts who prepared this report and should not be construed by current or future investors as recommendations for any particular investment decision or action. The investor's final decision should be made considering all of the risks and fees involved. This report is based on information obtained from primary or secondary public sources, or directly from companies, and is combined with estimates and calculations prepared by GENIAL INSTITUTIONAL CCTVM. This report does not purport to be a complete statement of all material facts related to any company, industry, security or market strategy mentioned. The information has been obtained from sources believed to be reliable, but GENIAL INSTITUTIONAL CCTVM does not make any express or implied representation or warranty as to the completeness, reliability or accuracy of such information. The information, opinions, estimates and projections contained in this document are based on current data and are subject to change. Prices and availability of financial instruments are indicative only and subject to change without notice. GENIAL INSTITUTIONAL CCTVM is under no obligation to update or revise this document or to advise of any changes in such data.
- (iii) The securities discussed in this report, as well as the opinions and recommendations contained herein, may not be appropriate for every type of investor. This report does not take into account the investments objectives, financial situation or particular needs of any particular investor. Investors who wish to buy, sell or invest in securities that are covered in this report should seek independent financial advice that takes individual characteristics and needs into consideration, before making any investment decision with respect to the securities in question. Each investor should make independent investment decisions after carefully analyzing the risks, fees and commissions involved. If a financial instrument is denominated in a currency other than an investor's currency, changes in exchange rates may adversely affect the price or value of, or the income derived from the financial instrument, and the reader of this report assumes all foreign exchange risks. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment. Past performance does not necessarily indicate future results, and no representation or warranty, express or implied, is made herein regarding future performance. Therefore, GENIAL INSTITUTIONAL CCTVM, its affiliated companies, and the analysts involved in this report take no responsibility for any direct, indirect or consequential loss resulting from the use of the information contained in this report, and anyone using this report undertakes to irrevocably indemnify GENIAL INSTITUTIONAL CCTVM and its affiliates from any claims and demands.
- (iv) Prices in this report are believed to be reliable as of the date on which this report was issued and are derived from one or more of the following: (i) sources as expressly specified alongside the relevant data; (ii) the quoted price on the main regulated market for the security in question; (iii) other public sources believed to be reliable; or (iv) GENIAL INSTITUTIONAL CCTVM's proprietary data or data available to GENIAL INSTITUTIONAL CCTVM.

- (v) No representation or warranty, either express or implied, is provided in relation to the accuracy, completeness or reliability of the information contained herein, except with respect to information concerning GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates. In all cases, investors should conduct their own investigation and analysis of such information before taking or omitting to take any action in relation to securities or markets that are analyzed in this report.
- (vi) GENIAL INSTITUTIONAL CCTVM makes no representations herein that investors will obtain profits. GENIAL INSTITUTIONAL CCTVM will not share with investors any investment profits nor accept any liability for any investment losses. Investments involve risks and investors should exercise prudence in making their investment decisions. GENIAL INSTITUTIONAL CCTVM accepts no fiduciary duties on behalf of recipients of this report and in communicating this report is not acting in a fiduciary capacity. This report is not to be relied upon in substitution for the exercise of recipient's independent judgment. Opinions, estimates, and projections expressed herein constitute the current judgment of the analyst responsible for the substance of this report as of the date on which the report was issued and are therefore subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GENIAL INSTITUTIONAL CCTVM as a result of using different assumptions and criteria. The information, opinions and recommendations contained in this report do not constitute and should not be interpreted as a promise or guarantee of a particular return on any investment.
- (vii) Because the personal views of analysts may differ from one another, GENIAL INSTITUTIONAL CCTVM, its subsidiaries and affiliates may have issued or may issue reports that are inconsistent with, and/or reach different conclusions from, the information presented herein. Any such opinions, estimates, and projections must not be construed as a representation that the matters referred to therein will occur. Prices and availability of financial instruments are indicative only and subject to change without notice. Income from financial instruments may vary, and therefore their price or value may rise or fall, either directly or indirectly.
- (viii) This document may not be: (a) photocopied or duplicated in any manner, in whole or in part, and/or (b) distributed without GENIAL INSTITUTIONAL CCTVM's prior written consent. GENIAL INSTITUTIONAL CCTVM accepts no liability whatsoever for the actions of third parties in this respect.
- (ix) Neither GENIAL INSTITUTIONAL CCTVM nor any of its affiliates, nor any of their respective directors, employees or agents, accepts any liability for any loss or damage arising out of the use of all or any part of this report.
- (x) GENIAL INSTITUTIONAL CCTVM (or its affiliates, officers, directors or employees) may, to the extent permitted by law, have acted upon or used the information herein contained before the publication of this report and may have a position in securities issued by the companies mentioned herein and may make a market or act as a principal in any transactions in any such securities. Genial Institucional may from time to time perform investment banking or other services to, or solicit investment banking or other business from, the companies mentioned herein.

#### 4. IMPORTANT DISCLOSURES FOR U.S. PERSONS

This research report was prepared by Genial Institucional CCTVM, a company authorized to engage in securities activities in Brazil. Genial Institucional CCTVM is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to “major U.S. institutional investors” in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the “Exchange Act”) and is not being provided pursuant to a soft-dollar arrangement.

Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through Auerbach Grayson & Company LLC (“AGCO”), a registered broker dealer in the United States with an office at 20 West 55th Street New York, NY 10019, (212) 453-3523 . Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Genial Institucional CCTVM.

If the report is to be distributed to anyone other than Major U.S. Institutional Investors in the United States. AGCO accepts responsibility for the contents of this report as provided for in relevant SEC releases and SEC staff no-action letters.

The analyst whose name appears in this research report is not registered or qualified as a research analyst with the Financial Industry Regulatory Authority (“FINRA”) and may not be an associated person at Auerbach Grayson & Company LLC (“AGCO”) and, therefore, may not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

The disclosures contained in research reports produced by GENIAL INSTITUTIONAL CCTVM and distributed by Auerbach Grayson & Company LLC (“AGCO”) in the U.S. shall be governed by and construed in accordance with U.S. law. This report may not be reproduced or redistributed to any other person, in whole or in part, for any purpose, without the prior written consent of GENIAL INSTITUTIONAL CCTVM. Additional information relative to the financial instruments discussed in this report is available upon request.

#### UK Disclaimer:

(i) This document is STRICTLY CONFIDENTIAL to the recipient, may not be distributed to the press or other media and may not be reproduced in any form. this document is directed only at persons who are “INVESTMENT PROFESSIONALS” falling within article 19(5) of the FSMA 2000 (FINANCIAL PROMOTION) ORDER 2005, or HIGH NET WORTH BODIES falling within ARTICLE 49(2) of that order (together THE “RELEVANT PERSONS”). This document must not be acted on or relied on by persons who are not RELEVANT PERSONS.

(ii) The distribution of this document in other jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any such other jurisdiction.

Copyright 2024 GENIAL INSTITUTIONAL CCTVM