genial | Equity Research

KLABIN

3Q25 Preview: Not cracking under pressure

LatAm Pulp & Paper

Main takeaways:

(i) Kraftliner: Estimated **shipments** of **148Kt Genial Est.** (+2.2% q/q; +11.1% y/y), driven by geographic diversification and greater penetration in markets such as China, India, and Ecuador; **realized price** should reach **R$4,022/t Genial Est.** (-1.5% q/q), with quarterly decline due to simpler geographic mix; **(ii) Paperboard**: **Shipments** projected at **208Kt Genial Est.** (+4.0% q/q; +0.6% y/y), sustained by seasonality; **price** expected to reach **R$5,628/t Genial Est.** (+0.2% q/q), reflecting stable contracts; **(iii) Corrugated Boxes: Volumes** estimated at **240Kt Genial Est.** (+1.9% q/q; +1.9% y/y), supported by fruit and protein exports and greater production integration via PM28; projected realized **price** is R$6,449/t Genial Est. (+0.3% q/q); **(iv) Industrial Bags**: **Shipments** are expected to reach **37Kt Genial Est.** (+3.0% q/q; +6.0% y/y), driven by demand from the civil construction sector; estimated **price** is **R$9,403/t Genial Est.** (-2.5% q/q); **(v)** BHKP Pulp: Volumes projected at 282Kt Genial Est. (+1.1% q/q; +26.1% y/y) and price at R$2,965/t Genial Est. (-10.5% q/q), reflecting compression of the international curve and lower FX; **(vi) BSKP + Fluff: Sales** estimated at **115Kt Genial Est.** (-0.7% q/q; +17.5% y/y)**,** with a realized **price** of **R$5,011/t Genial Est.** (-12.5% q/q); **(vii) Net Revenue** at **R$5.2bn Genial Est.** (-0.5% q/q; +4.4% y/y), with annual growth sustained by paper & packaging, offsetting the decline in pulp; **(viii)** COGS/t ex-stoppages should reach R$1,283 Genial Est. (-0.6% q/q; +10.9% y/y)**,** with slight sequential FX rate relief and annual increase due to wood and chemical costs; **(ix) EBITDA** projected at **R$2.1bn Genial Est.** (+3.0% q/q; +16.5% y/y), **(x) Net income** should reach **R$636mn Genial Est.** (+8.7% q/q; -12.7% y/y); **(xi)** We reiterate our **BUY rating**, with a **12M Target Price** of **R$23.50**, implying an **upside** of **+35.4%.**

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Company

KLBN11 BZ Equity
Buy

Price: R$ 17.30 (17-Aug-2025)
Target Price 12M: R$ 23.50

Table 1. Shipments Summary (3Q25 Genial Est.)

(Thousand Tonnes - kt)	Genial Est.	Reported		Reported	
Summary (Shipments)	**3Q25E**	**2Q25**	**% q/q**	**3Q24**	**% y/y**
Kraftliner	148	145	**2,2%**	133	**11,1%**
Paperboard	208	200	**4,0%**	207	**0,6%**
Corrugated boxes	240	235	**1,9%**	236	**1,9%**
Industrial Bags	37	36	**3,0%**	35	**6,0%**
BHKP Pulp	282	279	**1,1%**	224	**26,1%**
BSKP + Fluff Pulp	115	116	**-0,7%**	98	**17,5%**

Source: Genial Investimentos, Klabin

Table 2. Income Statement Summary (3Q25 Genial Est.)

(R$ millions)	Genial Est.	Reported		Reported	
Income Statement	**3Q25E**	**2Q25**	**% q/q**	**3Q24**	**% y/y**
Net Revenue	5.219	5.247	**-0,5%**	4.999	**4,4%**
Adjusted EBITDA	2.103	2.041	**3,0%**	1.805	**16,5%**
Net Income	636	585	**8,7%**	729	**-12,7%**

Source: Genial Investimentos, Klabin

Klabin will release its **3Q25 results** on **Nov. 4**, before the market opens. We believe the company should report figures with **operational stability bias**, with mixed performance across business units. We expect **solid performance from the Paper & Packaging division**, while the **pulp division should exert negative pressure** on results, given the sharp drop in prices for both fibers.

For the **Pulp** business, shipments are projected to remain stable sequentially, but with a sharp drop in realized prices (-10.5% q/q Est. in BHKP and -12.5% q/q Est. in BSKP+Fluff). In the **kraftliner** segment, we believe that the company will continue to pursue its strategy of geographic diversification, with greater exposure to markets such as India, China, and Ecuador, which should ensure a slight expansion in shipments (+2.2% q/q Est.), building up upon an already stronger base in 2Q25, albeit the realized price showing compression (-1.5% q/q Est.). In **Paperboard**, we expect a gradual increase in volumes (+4% q/q Est.) favored by seasonality, but the numbers will likely continue to show pressure from Chinese imports and stable y/y demand.

In the case of **Corrugated Boxes**, we believe that the resilient nature of the company's portfolio will be reinforced vs. the more anemic figures of the domestic packaging market (-8% YTD in apparent consumption, IBÁ data), with our sales expansion projection (+1.9% q/q Est.) supported by the strong performance of fruit and protein exports, which remain steady even with the 50% tariffs imposed by the US on Brazilian goods. In terms of **realized prices**, both Paperboard and Corrugated Boxes should show **basically flat** sequential movements.

Our model points to N**et Revenue** of **R$5.2bn Genial Est.** (-0.5% q/q; +4.4% y/y), with a slight sequential decline explained by strong compression in the pulp division, that will mitigate the positive performance of the paper & packaging divisions. **COGS/t ex-stoppages** should reach **R$1,283/t Genial Est.** (-0.6% q/q; +10.9% y/y), reflecting a small sequential relief, driven by the USD/BRL FX rate softening — which reduces the cost in BRL of inputs quoted in USD — and by the slight increase in consolidated shipments, which should contribute to the marginal dilution of fixed costs. As there are no downtimes this quarter, the total COGS/t base should contract even further (-2.9% q/q; -24.3% y/y).

That said, we arrived at an **EBITDA** of **R$2.1bn Genial Est.** (+3.0% q/q; +16.5% y/y), with the sequential advance reflecting the performance of the paper & packaging division (+16.8% q/q Est.), which benefited from the simultaneous improvement in volumes and costs, more than offsetting the decline in the pulp division (-15.7% q/q Est.). Finally, **Net Income** should reach **R$636mn Genial Est.** (+8.7% q/q; -12.7% y/y).

3Q25 Preview: In detail!

Kraftliner: Geographic expansion drives shipments but limits prices. Our figures for Containerboard (Kraftliner + recycled) total shipments of 148Kt Genial Est. (+2.2% q/q; +11.1% y/y), reflecting the continuity of the commercial strategy focused on expanding markets outside LatAm, with greater penetration in regions such as China, India, and Ecuador. The company has taken advantage of the gap left by US exporters — especially after tariff tensions between the US and China — to strengthen its presence in alternative markets. The sequential improvement should result from a natural recovery in demand typical of the 3Qs (already coming from a strong base last quarter), added to the volume gain from the redirection of PM28 in Kraftliner, used to serve new geographies and offset the dynamics in paperboard, which is at a slower pace than initially expected.

The realized price is expected to reach R$4,022/t Genial Est. (-1.5% q/q; +5.6% y/y), with a slight quarterly decline explained by the change in the geographic mix, since additional shipments are concentrated in markets with lower average ticket prices. Nevertheless, we emphasize that the decision is strategic and should not imply a profitability deterioration, since the total return remains positive considering the offset freight cost and the gain on the commercial scale. In the annual comparison, the price increase remains significant, reflecting the transfers implemented at the end of last year and the resilience of international demand.

Paperboard: Seasonality will provide support in a challenging environment. We project that Paperboard shipments will rise to 208Kt Genial Est. (+4.0% q/q; +0.6% y/y), reflecting a slight sequential acceleration, mainly supported by seasonal effects — which traditionally sustain higher volumes at 3Qs — and by a marginal recovery in demand after consecutive quarters of contraction. Despite this, we believe that the sector environment remains challenging, which justifies a partial stabilization on an annual basis, given that consumption is still depressed and there is continued pressure from Asian imports, notably from China, which still account for a significant share of apparent consumption (albeit slightly less than at the beginning of the year).

On the price side, we project R$5,628/t Genial Est. (+0.2% q/q; +3.2% y/y), practically flat sequentially, reflecting a combination of contract stability and the effect of the USD/BRL FX rate softening (-4% q/q). In annual terms, the increase should be explained by the adjustments implemented in 1H25 — concentrated in contracts indexed to inflation indices. Even so, the segment should continue to operate under restrictions, given the more limited disposable income of households due to the high level of default (more about that further down) and the uncertain global macroeconomic environment, which keeps paperboard as an essentially defensive business in the company's portfolio.

Corrugated Boxes: Exports continue to support demand. For Corrugated boxes, our model indicates that sales will reach 240Kt Genial Est. (+1.9% q/q; +1.9% y/y), reinforcing the company's consistent performance, even in a scenario of weakened domestic consumption for the packaging segment, mainly due to credit restrictions (SELIC at 15%), affecting above all the demand for durable goods. On a sequential basis, the acceleration in shipments should reflect the **(i)** typical effect of positive seasonality, added to **(ii)** a higher integration level for the assembly of corrugated boxes vis-à-vis the production of Kraftliner coming from PM28.

In the annual comparison, stability above the sector average should be sustained by the more defensive portfolio composition, with significant exposure to packaging for fruit and protein exports, segments that continue to operate with solid volumes, even in the face of tariffs imposed by the US.

We highlight that beef shipments remained strong – from Jan-Aug, exports grew +34.5% y/y – benefiting from flows redirection previously concentrated in the US to destinations such as Mexico and China, following the trade restrictions imposed by the Trump administration's tariffs. We believe that this movement should continue to sustain the packaging use for the export segment. We expect the realized price to reach R$6,449/t Genial Est. (+0.3% q/q; +11.2% y/y), maintaining the level seen in the previous quarter, in line with management's qualitative guidance of mix stability and current contracts pricing level. The y/y improvement reflects passthroughs implemented in 1H25 and the consolidation of a higher-quality mix, favored by the maturation of the Figueira Project (SP).

Industrial Bags: Volume up, but with price compression. We believe that the industrial bags business will continue to advance, with shipments of 37Kt Genial Est. (+3.0% q/q; +6.0% y/y), maintaining favorable momentum in volume, driven mainly by the civil construction sector — the main destination for products related to bagged cement — albeit at a more moderate pace on a sequential basis. It is important to remember that peak demand for civil construction tends to be between 2Q-3Qs, a period when drier weather conditions help maintain a more consistent pace at construction sites.

On the other hand, realized prices should continue to decline sequentially, reaching R$9,403/t Genial Est. (-2.5% q/q; +3.0% y/y), signaling an accommodation, justified by the rebalancing of the product mix and the passthroughs graduation effects implemented at last year-end. Even so, the level remains high in annual terms, reflecting the company's position in higher value-added niches, with products geared toward more technical applications (besides cement) and less price sensitivity.

Pulp: Flat shipments; sharp price contraction. We project that BHKP shipments will reach 282Kt Genial Est. (+1.1% q/q; +26.1% y/y) and realized price should clock in at R$2,965/t Genial Est. (-10.5% q/q; -28.3% y/y). For BSKP + Fluff, we project shipments of 115Kt Genial Est. (-0.7% q/q; +17.5% y/y) and a realized price of R$5,011/t Genial Est. (-12.5% q/q; -10.3% y/y). Performance should reflect stable volumes for both fibers, with the Ortigueira (PR) plant operating at full range of motion since last quarter after a significant maintenance restriction at the beginning of the year. It is worth noting that the strong y/y acceleration is due to weaker comparative base effects, considering that in 3Q24 the company was still facing operational restrictions and logistical bottlenecks that limited shipments.

On the price side, the compression will be stronger, in line with **(i)** the decline in the respective international spot curves — BHKP China -9% q/q and Europe -12% q/q; and BSKP China -7% q/q and Europe -7% q/q —, and the additional impact of the **(ii)** USD/BRL FX rate softening (-4% q/q), which reduces the price realized in BRL. We emphasize that, although part of the company's export contracts are indexed with a lag to the European curve, the negative adjustment should be inevitable this quarter — unlike in 2Q25 — given the weakening of global demand and the accumulation of port inventories in both China (+13% YTD) and Europe (+14% YTD).

Net Revenue: Paper & Packaging sustain y/y growth. We project consolidated Net revenue of R$5.2bn Genial Est. (-0.5% q/q; +4.4% y/y). In sequential comparison, the result should mainly reflect the decline in the pulp division (-11.0% q/q Est.), impacted by the sharp contraction in realized prices of BHKP (-10.5% q/q Est.) and BSKP (-12.5% q/q Est.), added to the USD/BRL FX rate softening (-4% q/q), which tends to reduce BRL revenue from exports, which should more than mitigate the advance in the paper (+2.9% q/q Est.) and packaging (+1.9% q/q Est.) divisions. On an annual basis, moderate growth should be sustained by the resilient performance of the paper (+8.0% y/y) and packaging (+12.5% y/y) divisions, driven by both sales volume and price realization, which should more than offset the decline in the pulp division, which was heavily impacted by the sharp decline in prices for both fibers – BHKP down 28.3% y/y and BSKP down 10.3% y/y.

By segment, we estimate that the paper division will reach R$1.8bn Genial Est. (+2.9% q/q; +8.0% y/y), packaging R$1.9bn Genial Est. (+1.9% q/q; +12.5% y/y) and pulp R$1.4bn Genial Est. (-11.0% q/q; -4.0% y/y), consolidating the balanced profile of the portfolio, in which the less cyclical paper & packaging businesses should partially cushion the negative impact of pulp division.

Table 3. Net Revenue Klabin (3Q25 Genial Est.)

(R$ Millions)	3Q25E Genial Est.	2Q25 Reported	% q/q	3Q24 Reported	% y/y
Net Revenue	**5.219**	**5.247**	**-0,5%**	**4.999**	**4,4%**
Paper	1.766	1.715	2,9%	1.635	8,0%
Packaging	1.896	1.860	1,9%	1.686	12,5%
Pulp	1.412	1.587	-11,0%	1.471	-4,0%
Wood	85	83	3,2%	128	-33,3%
Others	59	2	2328,6%	79	-25,2%

Source: Genial Investimentos, Klabin

COGS/t: Downtimes absence, FX slowing it down. COGS/t ex-stoppages should remain at R$1,283/t Genial Est. (-0.6% q/q; +10.9% y/y), with slight sequential relief explained mainly by the contraction in the USD/BRL FX rate (-4% q/q) — considering that a significant portion of inputs is priced in USD, the FX rate movement tends to reduce the effective cost reported in BRL. On an annual basis, the increase should reflect the rising costs of wood and chemicals, which should more than offset the robust effect of fixed cost dilution derived from the increase in sales y/y. As there are no downtimes this quarter, the total COGS/t base should contract even further (-2.9% q/q; -24.3% y/y), with sequential and annual declines mainly explained by the absence of relevant stoppages vs. 2Q25 (+R$12mn) and 3Q24 (+R$175mn).

EBITDA: Increase q/q and y/y driven by paper & packaging. For consolidated EBITDA, we project R$2.1bn Genial Est. (+3.0% q/q; +16.5% y/y). The increase should reflect the solid performance of the paper & packaging division at R$1.4bn Est. (+16.8% q/q; +25.2% y/y), driven by the shipments acceleration all across the product portfolio, both sequentially and on an annual basis, and added to the scalability of the fixed cost dilutive effect on COGS/t from integration, on a surface without scheduled maintenance downtimes.

We believe that this performance should more than offset the sequential decline in the pulp division, which is marked in our model at R$729mn Est. (-15.7% q/q; +3% y/y), penalized by the sharp drop in realized prices in USD (both in BHKP and BSKP+Fluff), reinforced by the USD/BRL FX rate softening (-4% q/q), but with some encouragement from the dynamics of total pulp costs, which should show both sequential and y/y decompression, derived from both comparative bases that suffered from stoppages.

Table 3. EBITDA Klabin (3Q25 Genial Est.)

(R$ Millions)	3Q25E Genial Est.	2Q25 Reported	% q/q	3Q24 Reported	% y/y
Adjusted EBITDA	**2.103**	**2.041**	**3,0%**	**1.805**	**16,5%**
Paper & Packaging	1.374	1.176	16,8%	1.098	25,2%
Pulp	729	864	-15,7%	708	3,0%

Source: Genial Investimentos, Klabin

Net Income: Sequential increase and annual loss. On the bottom line, we expect net income of R$636mn Genial Est. (+8.7% q/q; -12.7% y/y), with margin reaching 12.2% (+1.0p.p. q/q), reinforcing the operating conversion gain. The sequential improvement should be explained by the expansion of consolidated EBIT (+9.3% q/q) — driven by the strong performance of the paper & packaging division — and by the reduction in financial losses, projected at -R$442mn Genial Est. (-21.8% q/q), due to the positive effect of the devaluation of the USD/BRL FX rate and the partial relief of financial expenses. On an annual basis, the decline should be explained by the increase in financial losses (+9.7% y/y), which probably going to mitigate the EBIT growth.

Table 5. Income Statement (3Q25 Genial Est.)

(R$ Millions)	3Q25E Genial Est.	2Q25 Reported	% q/q	3Q24 Reported	% y/y
Net Revenue	**5.219**	**5.247**	**-0,5%**	**4.999**	**4,4%**
COGS	(3.375)	(3.474)	-2,9%	(3.468)	-2,7%
Adjusted EBITDA	**2.103**	**2.041**	**3,0%**	**1.805**	**16,5%**
EBITDA Margin (%)	40,3%	38,9%	1,4p.p	36,1%	4,2p.p
EBIT	**1.405**	**1.286**	**9,3%**	**1.219**	**15,2%**
EBIT Margin (%)	26,9%	24,5%	2,4p.p	24,4%	2,5p.p
D&A	(1.006)	(1.127)	-10,7%	(1.014)	-0,8%
Financial Result	(442)	(566)	-21,8%	(403)	9,7%
Net Income	**636**	**585**	**8,7%**	**729**	**-12,7%**
Net Margin (%)	12,2%	11,2%	1p.p	14,6%	-2,4p.p

Source: Genial Investimentos, Klabin

Our Take on Klabin

Forestry SPVs: Land monetization, +R$600mn on FCF. The company signed a Memorandum of Understanding (MOU) with an institutional investor to set up **two SPVs** focused on leasing and real estate development of **30k ha of productive land** located in Paraná (PR) and Santa Catarina (SC). Under the agreed structure, the company remains the **controlling shareholder** of the SPVs, contributing with the land assets, while the investor put up with **+R$600mn**, already **fully received in 3Q25**. In practice, the model follows a similar dynamic to the Plateau Project but based on agricultural land utilization instead of timber supply.

The SPVs will act as leasing vehicles, in which the company monetizes through periodic payments for the use of the areas and distributes the results in the form of dividends to its minority partner (institutional investor), while retaining the asset control. We emphasize that the +R$600mn inflow in the FCF should result in a reduction of **-0.1x Net Debt/EBITDA**, ceteris paribus, contributing to the company's **financial deleveraging** process.

Plateau Project: Remaining installments would reduce leverage by -0.2x. As previously stated, the company has already received +R$1.5bn in contributions related to the Plateau Project, with R$800mn referring to the first installment (February) and R$651mn to the second, credited in 2Q25, totaling practically 80% of the **committed** amount of **R$1.8bn**. We do not expect any new inflows in 3Q25, while the **remaining R$300mn** and the **additional contribution of R$900mn** (earn-out) should be **recognized in 4Q25E**, totaling **+R$1.2bn** in expected FCF incursions. With the negotiations progressing quite well and the low risk of contractual breach, we have now incorporated the earn-out into our model. If full payment is made in 4Q25E, the combined funds should reduce the **Net Debt/EBITDA** ratio by **-0.2x,** reinforcing the upside in FCF via the total receipt of +R$2.7bn as originally announced in Oct/24, and improving the leverage profile at year-end, which according to our current calculations should clock in at **3x Net Debt/EBITDA 25E** in BRL.

Kraftliner: Capacity cuts in the US and rebound in demand. As pointed out in previous reports, in the Kraftliner market, we note that the main **US producers** — including International Paper, Georgia-Pacific, and Smurfit Westrock — announced, at the beginning of the year, **combined cuts** of **-2.5Mt** (in 12M), notably the decommissioning of units in Campti (Louisiana) and Cedar Springs (Georgia), a move 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 an immediate rebound**. This is because we believe that the asymmetry between the pace of capacity closures and the recovery in global consumption may limit companies' pricing power beyond what was achieved between 4Q24 and 1Q25. However, on the demand side, growth expectations remain positive. According to our market assessment, we project that the company's kraftliner exports should be slightly below the market's cumulative growth rate, reaching +10% y/y in 2025E (vs. 14.1% from SECEX), still favoring continued expansion in the product line with our sales expectation for 3Q25E (+11% y/y).

Paperboard: Stability disguised as progress. The trajectory of the Paperboard division should continue to be marked by a **gradual recovery** but still lacking broader signs of sustainability. On the external side, our market assessment indicates that paperboard exports have accumulated a marginal increase of +1.5% YTD, with a tendency to stabilize at this level for 25E, as international demand remains subdued and competition from Asian players — notably China — remains high, whether in terms of external market share or inflows into apparent Brazilian consumption. In the domestic market, the signs also remain mixed. Our incidence monitor recorded a decline of **-4.5% y/y** (YTD, Jan-Sep) in the **hypermarkets and food** segment, contrasting with the **+3.0% y/y** increase observed in **pharmaceutical products**, reinforcing the scenario of **heterogeneous demand for packaging**, in which essential segments — linked to healthcare, for example — remain resilient, but discretionary consumption remains weak, in line with still elevated interest rates (SELIC at 15%) and the increased level of household defaults (30.5% in Sep, all-time high according to CNC data), factors that restrict retail traction.

As we mentioned last quarter, although the company is working to ensure that **PM28** continues to expand the approval of new grades aimed at higher value-added applications — such as **bleached paperboard** and **LPB** — the replacement of the mix between **Kraftliner vs. Paperboard** tends to be more restrained than expected if we compare it with our expectations at the beginning of the year, given the lower profitability differential in the short term, in a tighter market for Paperboard. As a result, we maintained our estimate of shipments at **846Kt 25E** (+3.5% y/y, revised downwards last quarter) — with the possibility of adjustments depending on the company's results.

Corrugated Boxes: Resilience in exports, but tariffs remain on the radar. Even in a still restrictive macro environment – with very tight credit conditions and slowing domestic consumption – the company's Corrugated Boxes division should continue to show **resilience in 2H25E**. Our monitoring of the domestic market shows that packaging-intensive sectors such as food, beverages, and consumer goods remain in contractionary territory for the year, signaling difficulties in driving domestic demand. On the other hand, the external vector should continue to be the main pillar. **Beef exports** are up **+10% YTD** (growing on top of an already very strong base last year), while **fruit exports** are up **+26% YTD**, reinforcing the intensive use of packaging for the transport and storage of these products. This dynamic has not only offset domestic weakness and sustained the company's performance, but should also continue this path for the remainder of 2025-26, in line with our growth projection of +2% y/y Genial Est. in 3Q25E, consistent with the positive vector pattern observed in agro-export chains.

Nevertheless, we continue to monitor the credible impact of the 50% tariffs imposed by the US on beef and coffee (among other products), which remain off the list of exceptions. Although part of the shipments has been redirected to other destinations (Mexico and China, for example) or absorbed by the domestic market, the effect on volumes should be limited, given that the packaging process remains necessary, albeit at a lower price. As a result, we maintain our projection of y/y sales growth, supported both by the export bias and the ramp-up of the Figueira project (Piracicaba–SP), which is already strengthening the company's logistical efficiency and regional coverage.

Not cracking under pressure. Our expectations for 3Q25E should reinforce the company's investment thesis linked to diversification, which should continue to be a pillar of its operational identity, now tested in an even more challenging environment. Unlike 2Q25, when the company did not incorporate the sharp drops in reference prices for both fibers due to the characteristics of its sales (lag on contracts), this time it will be inevitable. However, even in the face of a **sharp compression** of **-25% y/y in pulp curves** (BHKP China and Europe), added to an integration cost structure that is still likely to be under pressure (+4% Est. vs. average of the last 12M), it is likely that the company will record **significant EBITDA growth** (+16.5% y/y Est.), supported by the **strength of the paper & packaging divisions.**

We believe that the focus will be more on operational conversion capacity, supported by consolidated volume gains (+2.0% q/q; +10% y/y) and dilution of fixed costs, which should more than offset weak performance in the pulp business. In other words, even though several investors with whom we are in contact are cautious about pulp driven stocks due to the sector's situation – pulp stockpiles at Chinese ports closed Sep. up +15% y/y, indicating excess supply – the company should continue to prove its adaptability, which allows it to **not crack under pressure.**

Considering a scenario of continued **deleveraging**, with a reduction to **3x Net Debt/EBITDA 25E** (vs. 3.7x in BRL in 2Q25), in line with **(i)** FCF generation of ~R$500mn 3Q25E (+2.7x q/q; 3.0% y/y) ; **(ii)** EBITDA growth y/y entering the LTM base; and **(iii)** the inflow of +R$600mn from the structuring of the two forestry SPVs (discussed throughout the report), we reiterate our **BUY rating**, with a **12M Target Price** of **R$23.50**, implying an **upside** of **+35.4%.**

Appendix: Klabin

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

Income Statement	2025E	2026E	2027E	2028E
Net Revenue	**20.821**	**23.144**	**23.506**	**23.824**
(-) COGS	(14.305)	(14.717)	(14.383)	(14.340)
Gross Profit	**8.240**	**9.054**	**9.711**	**9.963**
(-) Expenses	(3.155)	(3.492)	(3.659)	(3.807)
Adjusted EBITDA	**9.601**	**9.807**	**9.906**	**9.672**
(-) D&A	(4.516)	(4.245)	(3.854)	(3.516)
EBIT	**5.085**	**5.562**	**6.051**	**6.156**
(+/-) Financial Result	(3.317)	(1.853)	(1.185)	(887)
(-) Taxes	(734)	(983)	(989)	(1.082)
Net income	**1.251**	**2.745**	**3.896**	**4.207**
Profitability				
Net margin (%)	6,0%	11,9%	16,6%	17,7%

Figure 2. Klabin– Cash Flow in R$ Millions (Genial Est. 2025-2028)

Cash Flow (FCFF)	2025E	2026E	2027E	2028E
Net Revenue	**20.821**	**23.144**	**23.506**	**23.824**
(-) COGS	(14.305)	(14.717)	(14.383)	(14.340)
Adjusted EBITDA	**9.601**	**9.807**	**9.906**	**9.672**
EBIT	**5.085**	**5.562**	**6.051**	**6.156**
(-) Taxes	(734)	(983)	(989)	(1.082)
(+) D&A	4.516	4.245	3.854	3.516
(+/-) Δ WK	(268)	(185)	(72)	(35)
(-) Capex	(2.712)	(1.973)	(1.952)	(1.699)
FCFF	**5.887**	**6.666**	**6.892**	**6.856**

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