

**Klabin S.A.**  
**Quarterly Information (ITR)**  
**at June 30, 2019**  
**and report on review of**  
**quarterly information**

(A free translation of the original in Portuguese)

**KLABIN S.A.**

**All amounts in thousands of Reais**

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**Officers' statement on the Quarterly Information**

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the set of financial information, dated July 29, 2019, related to the quarterly information statements for the period ended June 30, 2019.

São Paulo, August 05, 2019.

Cristiano Cardoso Teixeira  
Arthur Canhisares  
Francisco Cezar Razzolini

Chief Executive Officer and Investor Relations  
Officer  
Officer

(A free translation of the original in Portuguese)

**KLABIN S.A.**

**All amounts in thousands of Reais**

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**Officers' statement on the independent auditor's report**

We, as Officers of KLABIN S.A., a corporation headquartered in the city of São Paulo, State of São Paulo, at Avenida Brigadeiro Faria Lima, 3600, 3rd, 4th and 5th floors, Itaim Bibi, CEP 04538-132, enrolled in the National Corporate Taxpayers' Registry (CNPJ) under No. 89.637.490/0001-45, declare that we have reviewed, discussed and agreed with the opinions expressed in the independent auditor's report dated July 29, 2019, related to the financial statements for the period ended June 30, 2019.

São Paulo, August 05, 2019.

Cristiano Cardoso Teixeira  
Arthur Canhisares  
Francisco Cezar Razzolini

Chief Executive Officer and Investor Relations  
Officer  
Officer

**A free translation from Portuguese into English of Independent Auditor's Review Report on Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and Accounting Pronouncement CPC 21 (R1) and IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB) and specific CVM rules.**

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## **Independent auditor's report on interim financial information**

The Shareholders, Board of Directors and Officers

**Klabin S.A.**

São Paulo - SP

We have reviewed the accompanying individual and consolidated interim financial information of Klabin S.A. ("Company"), contained in the Quarterly Information Form (ITR) referring to the quarter ended June 30, 2019, which comprise the balance sheet as at June 30, 2019 and the related statements of operations, of comprehensive income, for the quarter and six-month periods then ended, and the statement of changes in equity and of cash flows for the six-month period then ended, including accompanying notes.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) Interim Financial Reporting and international standard IAS 34 - Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this financial information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review of interim financial information (NBC TR 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with international standards on auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion on the individual and consolidated interim financial information**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the Quarterly Information referred to above was not prepared, in all material aspects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented in consistently with standards issued by the Brazilian Securities and Exchange Commission (CVM).

## **Other matters**

### **Statements of value added**

We also reviewed the individual and consolidated statement of value added (SVA), for the six-month period ended June 30, 2019, prepared under the responsibility of the Company's management, which presentation in the interim financial information is required according to the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Information (ITR) and considered as supplementary information under IFRS, which do not require SVA presentation. These statements were submitted to the same review procedures previously described and, based on our review, nothing has come to our attention that would make us believe that they were not prepared, in all material respects, in accordance with the overall accompanying individual and consolidated interim financial information.

São Paulo, August 5, 2019.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC-2SP034519/O-6

Rita de C. S. Freitas  
Accountant CRC-1SP214160/O-5

# Financial Highlights

R\$ million	2Q19	1Q19	2Q18	$\Delta$		6M19	6M18	$\Delta$
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
<b>Sales volume (thousand tonnes)</b>	<b>818</b>	<b>783</b>	<b>713</b>	<b>4%</b>	<b>15%</b>	<b>1,600</b>	<b>1,474</b>	<b>9%</b>
% Domestic Market	53%	52%	52%	+ 1 p.p.	+ 1 p.p.	52%	52%	+ 0 p.p.
<b>Net Revenue</b>	<b>2,600</b>	<b>2,490</b>	<b>2,235</b>	<b>4%</b>	<b>16%</b>	<b>5,090</b>	<b>4,424</b>	<b>15%</b>
% Domestic Market	58%	58%	57%	+ 0 p.p.	+ 1 p.p.	58%	58%	+ 0 p.p.
<b>Adjusted EBITDA</b>	<b>957</b>	<b>1,005</b>	<b>884</b>	<b>-5%</b>	<b>8%</b>	<b>1,962</b>	<b>1,644</b>	<b>19%</b>
Adjusted EBITDA Margin	37%	40%	40%	- 3 p.p.	- 3 p.p.	39%	37%	+ 2 p.p.
<b>Net Income</b>	<b>72</b>	<b>(196)</b>	<b>(955)</b>	<b>n/a</b>	<b>n/a</b>	<b>(124)</b>	<b>(830)</b>	<b>85%</b>
<b>Net Debt</b>	<b>13,144</b>	<b>12,754</b>	<b>12,597</b>	<b>3%</b>	<b>4%</b>	<b>13,144</b>	<b>12,597</b>	<b>4%</b>
Net Debt / EBITDA (LTM - BRL)	3.0x	3.0x	3.9x			3.0x	3.9x	
<b>Capex</b>	<b>581</b>	<b>297</b>	<b>193</b>	<b>96%</b>	<b>201%</b>	<b>877</b>	<b>423</b>	<b>107%</b>

Klabin presents its consolidated financial statements according to international accounting standards (International Financial Reporting Standards - IFRS) as determined by CVM 457/07 and CVM 485/10 instructions. Adjusted EBITDA is in accordance with CVM Instruction 527/12.

Some of the figures on the charts and tables may not express a precise result due to rounding.

LTM - last 12 months.

## Summary

The second quarter of the year proved to be very challenging on both domestic and external fronts. In Brazil, the economic activity indicated a slower than expected recovery pace, while on the international stage, prices of some commodities, likewise pulp, came to be under persistent pressure.

In the domestic market, Brazilian Corrugated Board Association (ABPO) data showed corrugated box shipments increasing by 1% in the first six months of the year when compared to 6M18, figuring below initial estimates made for the year. In 2Q19, growth was of 3% above registered in the same period of 2018, directly impacted by the truck drivers' strike occurred in May last year.

In the international pulp and paper markets, the sentiment remains cautious, due to the still high global inventory levels of pulp, as well as to the uncertainty surrounding the outcomes to arise from the trade war between the United States and China. On the other hand, without significant capacities addition until mid-2022, after the regularization of inventories the market should present good conditions and that support expectations for the recovery of pulp prices. In the

packaging paper industry, the worldwide scarcity of fibers and the growing demand for paper packaging solutions for environmental reasons also bring good prospects.

Within this context, kraftliner list prices in Europe published by FOEX averaged US\$ 733/t during the 2Q19. This price level represents a 10% reduction in comparison to the preceding quarter and a 17% reduction if compared to the same period of 2018. However, in the past few weeks the weakening trend of the kraftliner list price in the international market has eased in its intensity. Thus, it suggests greater stability during the forthcoming months.

In the pulp market, seasonality and inventories increments generated subsequent fall in prices. FOEX's average list price for hardwood (short fiber) pulp in 2Q19 was of US\$ 938/ton in Europe, dropping 6% in comparison to the 1Q19 and also sliding 10% when compared to the same period in 2019. Reporting a similar trend, softwood (long-fiber) pulp market list prices in Europe averaged US\$ 1,049/t in the period, a reduction of 9% on both a quarter-on-quarter and year-on-year comparative basis. The continuing slide in prices prompted unscheduled shutdowns by pulp

producers – accreted by the end of the summer season in the northern hemisphere, which tends to weak down demand –, may improve overall perspectives for the sector.

Despite this challenging scenario, Klabin has, through outstanding operational performance, vertical production structure and also flexibility within products and markets, obtained significant revenue and volume increases within nearly all sectors it operates.

In the paper and packaging markets, it is worth of mention the increase of 19% in cardboard sales volume compared to 2Q18, especially destined to overseas markets, given the still slow pace of domestic economic recovery and also devaluated exchange rates that post more attractive returns for exports. As a result, net revenue in this segment reached R\$ 599 million in the period, a 26% increase using the same comparative basis. On the packaging sector (corrugated boxes and industrial bags), for instance, sales were redirected to higher yield markets, causing an increase of 6% in net revenues on the same comparative basis.

In addition, the good performance at the Puma Unit allowed for new markets exploration, and the sales volume registered a 26% increase in comparison to the same period in the previous year. Albeit misleading price trajectory observed internationally, Klabin exhibited its resilience within the sector throughout the 2Q19, especially on the fluff market, which poses a less volatile price dynamic, and also for the structural time lag on prices inquiry due to the offtake agreement withheld with Fibria (now Suzano). The net revenue, pulled by the devaluated exchange rate, rose 27% in comparison to same quarter from the previous year. It's worth of mention that on July, the Puma Unit went through its scheduled maintenance shutdown after 15 consecutive months of operation. Undergone under planned costs and range, this shutdown will affect solely 3Q19 results.

Increased sales volume, especially in higher yielding markets geared the 16% growth in the net revenue when compared to 2Q18, also influenced by the BRL devaluation front USD. As a result, despite the impacts on some cost lines such as fuel, energy and freight, adjusted EBITDA reached R\$ 957 million, increasing 8% based on the same comparative basis. Year-to-date adjusted EBITDA totaled R \$ 1,962 million, up 19% over the first six months of 2018. These results once again prove the capacity of the Company to adapt to adverse market conditions, benefiting from a diversified product mix, high productivity and operational flexibility. In addition, results underscore Klabin's good positioning, a Company already prepared to seize the opportunities that will potentially come with improved economic activity in Brazil

## Exchange Rate

The average exchange rate during the second quarter 2019 was of R\$ 3.92/USD, a 4% depreciation when compared to the previous quarter. The rate on the last day of the quarter appreciated by 2%, closing at R\$3.83/USD

R\$ / US\$	2Q19	1Q19	2Q18	$\Delta$		6M19	6M18	$\Delta$	
				2Q19/1Q19	2Q19/2Q18			6M19/6M18	
Average Rate	3.92	3.77	3.61	4%	9%	3.85	3.43	12%	
End Rate	3.83	3.90	3.86	-2%	-1%	3.83	3.86	-1%	

Source: Brazilian Central Bank

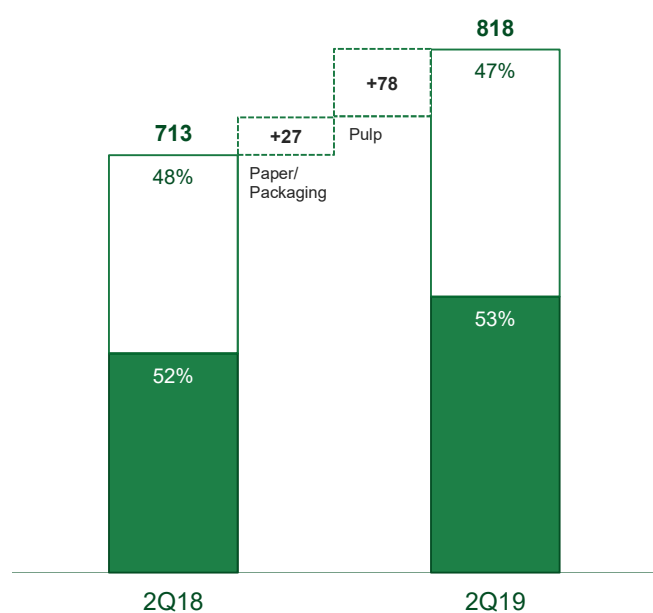
## Operating and Economic Financial Performance

### Sales Volume

Klabin's total sales volume during the second quarter, excluding wood, reached 818 thousand tons, a 15% increase in relation to the same period of the previous year, and 4% in relation to 1Q19. The increase in sales volume compared to 2Q18, is a reflection of the operating performance of the Company's units, which were negatively impacted by the truckers strike in May last year.

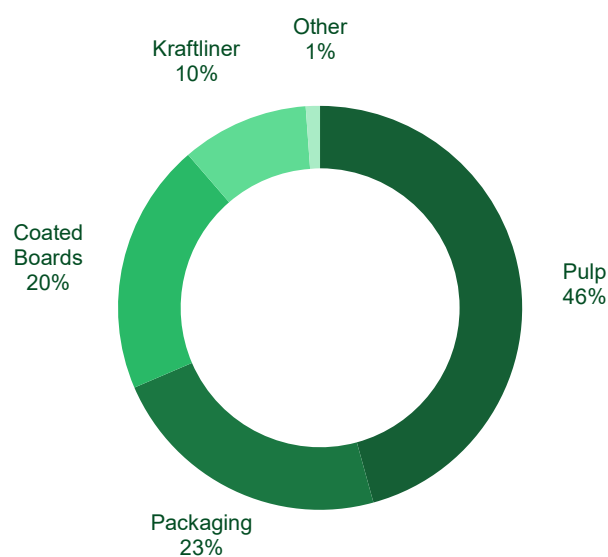
As a highlight of the more robust sales volume and also driven by Klabin's flexibility in marketing its products across a spectrum of different markets and regions, the 26% and 19% increase in pulp and coatedboards sales respectively were particularly impressive. This improvement reflects the operational consolidation of the Puma Unit and the versatility in the paper and packaging markets, which despite slower than initially expected recovery in the domestic market, was offset by the increase in overseas sales, mainly of coatedboards.

**Sales Volume**  
(excluding wood – k tons)



■ Domestic Market    □ Foreign Market

**Sales Volume by Product**  
2Q19

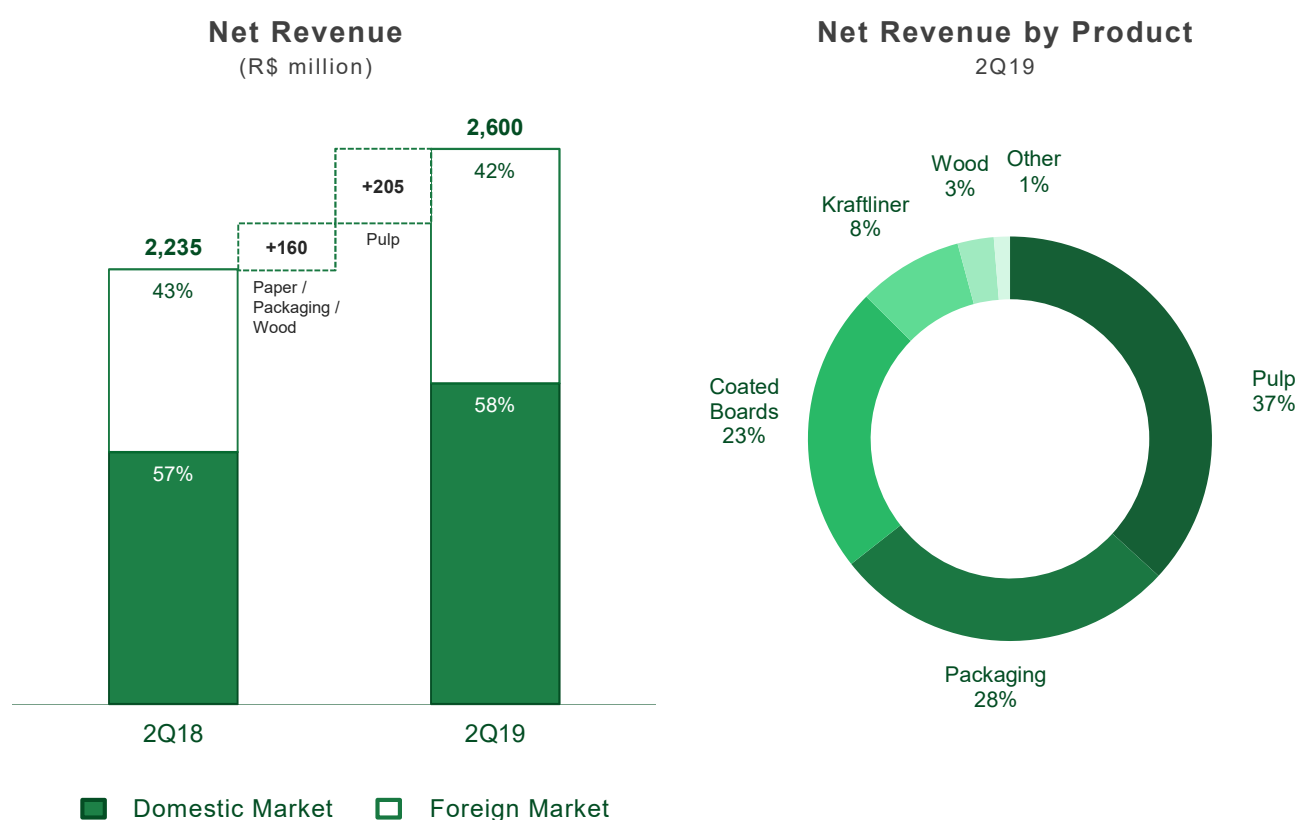




## Net Revenues

With higher sales volume, the Company's flexibility in shifting between markets and products as well as a higher average exchange rate than prevailing in 2Q18 were the drivers behind the year-on-year 16% growth in net revenues to R\$ 2,600.

In the pulp market, the increase in sales volume directly impacted the 27% year-on-year increase in revenues during 2Q18. In addition, under the current scenario of deteriorating international commodity prices, Klabin enjoys the benefits of greater fluff pulp price stability. In the paper and packaging markets, where revenue increased by 11% on the same comparative basis, Klabin has been consistently using the flexibility of its business lines to switch sales to markets where returns are more attractive.



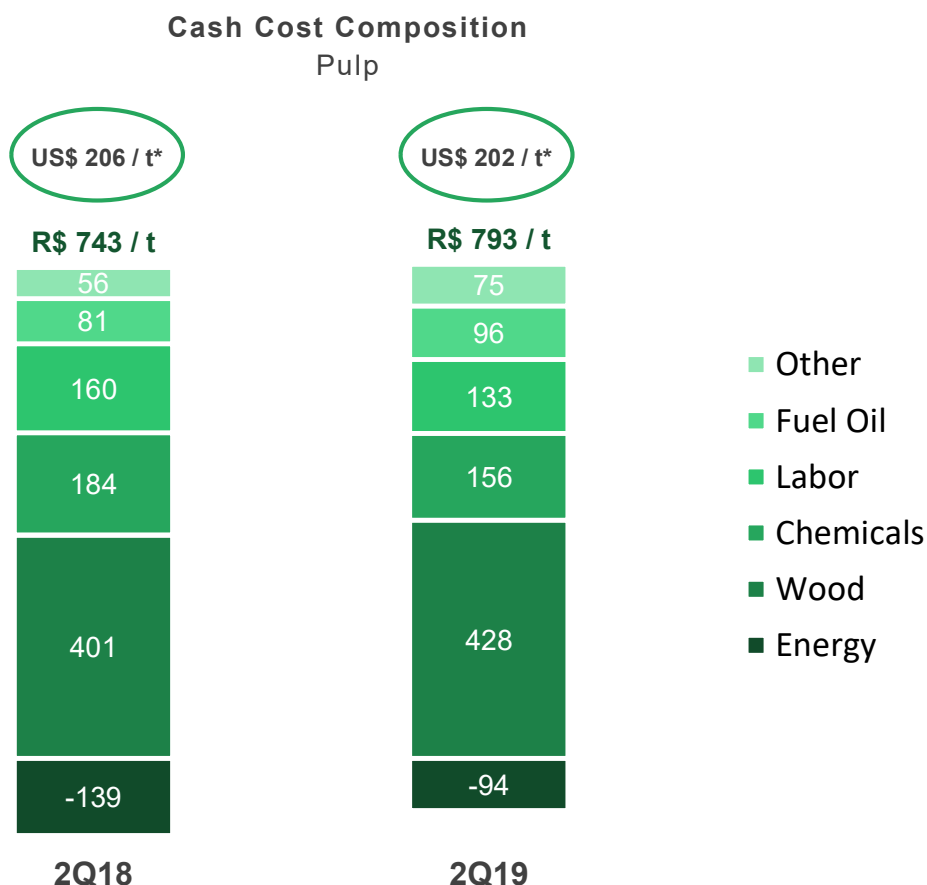
## Operating Costs and Expenses

### Pulp Cash Cost

For comparative purposes, the **unit cash cost of pulp production** is disclosed for each quarter, contemplating production costs for hardwood (short fiber), softwood (long fiber) and fluff pulps and volumes produced during the period. The production cash cost does not include selling and general and administrative expenses, constituting exclusively amounts expended on pulp production as such.

The Puma Unit produced above its nominal capacity for the fourth quarter in a row, reaching an output of 387 thousand tons in 2Q19, consolidating the good operational performance and the quality of market pulp assets.

The unit cash cost of pulp production during the period was R\$ 793/ton, a 7% increase in relation to 2Q18. Increased cash cost was affected mainly due to the lower contribution from the sale of energy surplus in the period compared to spot market prices in the second and third quarters 2018 which were at particularly attractive levels, turning down from the fourth quarter 2018 onwards. Additionally, fiber costs were higher due to the greater distance required to access wood supply in the quarter. These effects were partially attenuated by the dilution of fixed costs resulting from the volumes produced in the period, and lower cost of chemicals.



\* Calculated on the average USD for the period.

## Total Cash Cost

The **total unit cash cost**, which includes the sale of all the Company's products, was of R\$2.009/ton in the quarter, a 6% increase in relation to 2Q18. This is a direct reflection of the adjustment in energy purchases and higher expenditure with maintenance stoppages. On the other hand, lower fiber costs on the back of lower third party recycled paper purchases offset increases. It is noteworthy that the annual scheduled maintenance shutdown of the Monte Alegre (PR) plant seasonally affects second quarter cash costs.

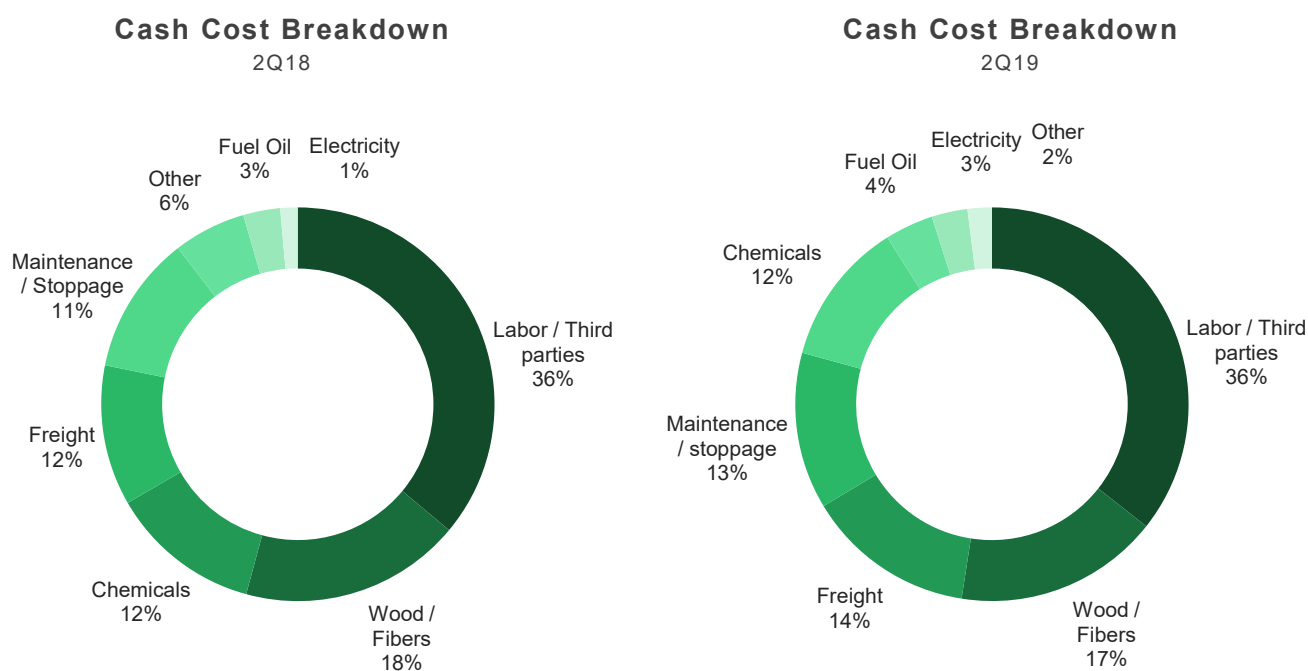
**Cost of goods sold** during the quarter, excluding depreciation, amortization and depletion, was R\$1,342 million, representing R\$1,641 per ton sold and an 11% increase in relation to 2Q18. One of the main impacts in this figure was due to the overhaul (periodic rectification) of Monte Alegre's power turbo-generator 7, intervention that occurs every five years. Moreover, in addition to diesel oil price increases during the period, there were incremental costs associated with the scheduled annual shutdown at the

Monte Alegre unit for operational improvements. On the other hand, the lower volume of third party paper purchases for packaging production reduced fiber costs in the quarter. The Company uses its traditional flexibility to increase the integration of its own packaging paper production, offsetting the deteriorating prices in the international market with cost reductions.

**Sales expenses** totaled R\$ 213 million in the quarter and R\$403 million in the first half, representing 8.2% and 7.9% of net revenue, respectively. Thus, sales expenses proportionately to revenues were flat, despite the nominal increase during the period on the back of higher shipped volumes and an increase in freight costs.

**General and administrative** expenses totaled R\$ 160 million in 2Q19 and R\$298 million in the first half of 2019. In the first half of the year, particularly in the second quarter, Klabin concentrated non-recurrent expenses such as those relating to the Puma II project, Klabin 120 years, consulting fees and administrative restructuring, temporarily inflating costs.

**Other operating revenues/expenses** resulted in a revenue of R\$ 60 million in the second quarter. The main impact in the period came from the gain in early settlement of the REFIS and announced on June 28, 2018.



## Effects of the variation in the fair value of biological assets

During the second quarter, the variation in fair value of biological assets was positive at R\$ 21 million. In turn, the depletion effect of fair value of the biological assets on the cost of goods sold was R\$ 225 million in the same period. Hence, the non-cash effect of the fair value of biological assets on operational results (EBIT) for the quarter was a negative R\$ 204 million. For the first half of 2019, the non-cash effect of the fair value of biological assets on operational results was a negative R\$370 million.

## Operating Cash Generation (EBITDA)

R\$ million	2Q19	1Q19	2Q18	$\Delta$		6M19	6M18	$\Delta$
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
<b>Net Income (loss)</b>	<b>72</b>	<b>(196)</b>	<b>(955)</b>	<b>n/a</b>	<b>n/a</b>	<b>(124)</b>	<b>(830)</b>	<b>-85%</b>
(+) Income taxes and social contribution	27	280	(508)	-90%	n/a	307	(455)	n/a
(+) Net Financial Revenues	340	450	2,012	-24%	-83%	790	2,274	-65%
(+) Depreciation, amortization, depletion	541	435	406	24%	33%	975	846	15%
<b>Adjustments according to IN CVM 527/12 art. 4º</b>								
(+) Biological assets adjustment	(21)	38	(69)	n/a	-70%	17	(188)	n/a
(-) Equity Pickup	(2)	(2)	(2)	16%	-1%	(4)	(3)	11%
<b>Adjusted EBITDA</b>	<b>957</b>	<b>1,005</b>	<b>884</b>	<b>-5%</b>	<b>8%</b>	<b>1,962</b>	<b>1,644</b>	<b>19%</b>
Adjusted EBITDA Margin	37%	40%	40%	- 3 p.p.	- 3 p.p.	39%	37%	+ 2 p.p.

n/a - Not applicable

Despite adverse conditions during the quarter, both in the domestic and international commodities markets, Klabin achieved a significant increase in sales volume and net revenue. These factors more than offset cost pressures during the period, **operating cash generation** (Adjusted EBITDA) totaling R\$ 957 million, an 8% increase in relation to 2Q18, equivalent to an **adjusted EBITDA margin** of 37%.

**Adjusted EBITDA** in the first half reached R\$1,962 million, a 19% increase on an annual comparison. **Adjusted EBITDA margin** for the period was 39%, a 2 p.p. growth in relation to the same period in 2018.

## Debt and financial investments

Debt (R\$ million)	Mar-19		Jun-19	
<b>Short term</b>				
Local currency	660	3%	1,046	4%
Foreign currency	647	3%	619	3%
<b>Total short term</b>	<b>1,306</b>	<b>6%</b>	<b>1,665</b>	<b>7%</b>
<b>Long term</b>				
Local currency	4,680	23%	5,065	21%
Foreign currency	14,228	70%	17,871	73%
<b>Total long term</b>	<b>18,907</b>	<b>94%</b>	<b>22,936</b>	<b>93%</b>
Total local currency	5,339	26%	6,111	25%
Total foreign currency	14,875	74%	18,491	75%
<b>Gross debt</b>	<b>20,214</b>		<b>24,602</b>	
(-) Cash	7,460		11,458	
<b>Net debt</b>	<b>12,755</b>		<b>13,144</b>	
<b>Net debt / EBITDA (LTM)</b>	<b>3.0 x</b>		<b>3.0 x</b>	

\*Includes BRL to USD swaps, as well as the instrument's mark-to-market gains or losses

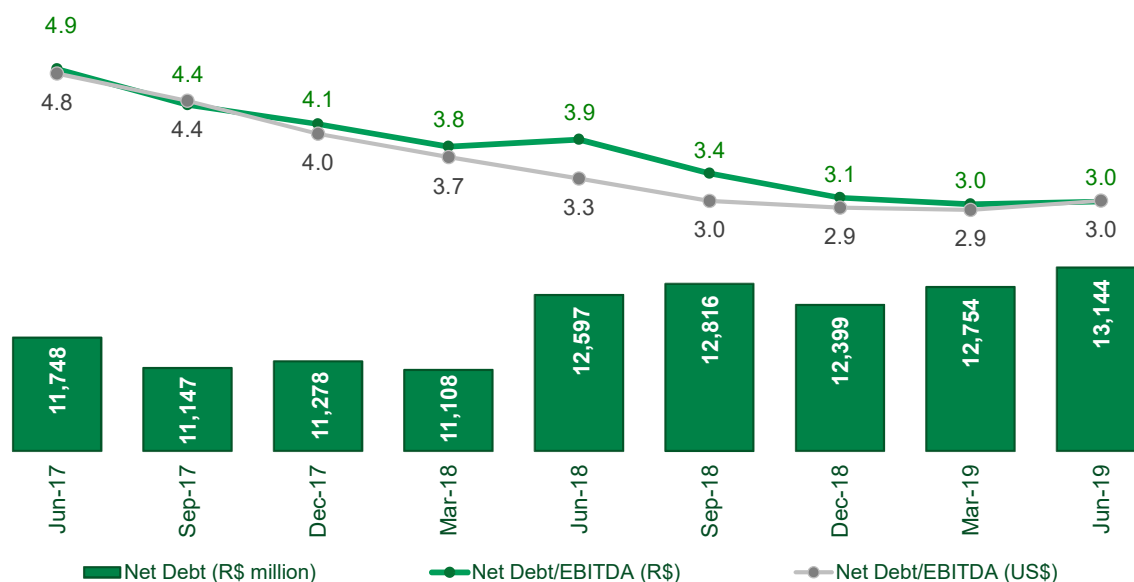
**Gross debt** on June 30 was of R\$24,602 million, a R\$4,388 million increase in relation to the end of 1Q19, mainly due to new funding for lengthening average debt maturity and also to face the new investment cycle initiated with the Puma II Project. Among these fundraising operations, it is important to highlight two note issues, one with a maturity of 10 years and the other, 30 years, the amount of each totaling US\$500 million. Of the Company's total debt, R\$18,491 million, or 75% (US\$4,825 million) are US dollars denominated considering associated Real to dollar rate swaps.

Within this spectrum, the continuity of the liability management program through debt refinancing pushed forward the average loan maturities from 52 months in 1Q19 to 94 months at the end of 2Q19 - 40 months for domestic loans and 110 for currency loans. It's also important to highlight that, even with the debt rollover, the average cost for these operations remained stable when compared to previous periods, being 7.6% p.a. for local currency debt, and 5.6% p.a. plus exchange rate fluctuation for foreign currency denominated debt.

The company's position in cash and cash equivalents at the end of the quarter amounted to R\$11,458 million, R\$3,998 million more than at the end of the 1Q19, also reflecting new funding operations enrolled by the Company's. In addition to this amount, Klabin signed a revolving credit facility of US\$500 million at the beginning of the year with a 5-year term at a cost of 0.4% p.a. Should the line be drawn, the cost would be Libor + 1.35%p.a. As a result, Klabin's liquidity position at the end of 2Q19, namely cash and cash equivalents plus the revolving credit line is R\$13,374 million, equivalent to the amortizations of loans maturing over the next 77 months

Consolidated **net debt** on June 30, 2019 amounted to R\$13,144 million, a R\$390 million increase compared with March 31, 2019, largely reflecting the beginning of disbursements for the Puma 2 Project, in addition to the prepayment of REFIS. On the other hand, the increase in adjusted EBITDA meant that Klabin's adjusted Net Debt/EBITDA ratio remained flat at 3.0x, the same as at the end of 1Q19.

## NET DEBT AND LEVERAGE



## Financial Result

(R\$ mil)	2Q19	1Q19	2Q18	Δ		6M19	6M18	Δ
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Financial Expenses	(725)	(572)	(326)	27%	122%	(1,296)	(672)	93%
Financial Revenues	174	140	157	24%	11%	314	293	7%
<b>Financial result</b>	<b>(550)</b>	<b>(431)</b>	<b>(169)</b>	<b>28%</b>	<b>226%</b>	<b>(982)</b>	<b>(379)</b>	<b>159%</b>
Net Foreign Exchange Losses	211	(19)	(1,843)	n/a	n/a	192	(1,895)	n/a
<b>Net Financial Revenues</b>	<b>(340)</b>	<b>(450)</b>	<b>(2,012)</b>	<b>-24%</b>	<b>-83%</b>	<b>(790)</b>	<b>(2,274)</b>	<b>-65%</b>

**Financial Expenses** were R\$ 725 million in the quarter, increasing R\$153 million in relation to 1Q19. This amount includes the impact of negative mark-to-market of interest rate swaps of R\$ 199 million - with non-cash effect - linked to financing in BRL and which produce a similar effect to a liability contracted in USD dollars. There was also a non-recurring impact on financial expenses this quarter from break funding fees and the early prepayment of REFIS amounting to R\$ 135 million. **Financial Revenues** reached R\$174 million in the quarter, R\$34 million more than in 1Q19. Consequently, the **Financial Result** during the period, excluding the currency translation effect, was a negative R\$ 550 million.

The BRL to USD exchange rate ended the quarter at R\$ 3.83/US\$, reflecting a 2% fall relative to the end of 1Q19 and producing a positive net FX variation of R\$ 211 million in the period, mainly due to the impact on Klabin's dollar denominated debt. Note that the effect of FX variation on the company's balance sheet is purely an accounting one with no short-term cash effect.

## Free Cash Flow

R\$ million	2Q19	1Q19	2Q18	6M19	6M18	LTM
<b>Adjusted EBITDA</b>	<b>957</b>	<b>1,005</b>	<b>884</b>	<b>1,962</b>	<b>1,644</b>	<b>4,343</b>
(-) Capex	(581)	(297)	(193)	(877)	(423)	(1,411)
(-) Interest paid/received	(280)	(358)	(83)	(638)	(478)	(1,161)
(-) Income tax	(2)	(159)	(1)	(161)	(2)	(319)
(+/-) Working Capital	(71)	(249)	27	(320)	39	(549)
(-) Dividends & JCP	(201)	(270)	(152)	(471)	(323)	(988)
(+/-) Others	(1)	(3)	(1)	(4)	(4)	(9)
<b>Free Cash Flow</b>	<b>(178)</b>	<b>(331)</b>	<b>481</b>	<b>(509)</b>	<b>452</b>	<b>(94)</b>
Dividends	201	270	152	471	323	988
Puma II Project	288	-	-	288	-	288
Special projects and growth	57	50	51	107	125	208
<b>Adjusted Free Cash Flow*</b>	<b>368</b>	<b>(11)</b>	<b>684</b>	<b>357</b>	<b>900</b>	<b>1,389</b>
<b>Adjusted FCF Yield</b>						<b>8.2%</b>

\* excluding dividends and expansion projects

- LTM - last twelve months.

- Yield - Adjusted FCF per share (excluding treasury stock) divided by the average price of the Units in the LTM.

- Capex under cash accrual method does not consider investments into SPEs (Special Purpose Entities).

**Adjusted free cash flow** in the quarter, excluding discretionary factors, was of R\$368 million during the period, positively boosted by the increase in adjusted EBITDA in relation to 2Q18. The early prepayment of the REFIS negatively impacted working capital in R\$ 328 million, on an extraordinary basis. Besides that, the introduction of the Company's liability management program had a non-recurring impact on the amount of interest paid and received, amounting R\$ 165 million this quarter. On the first half of the year, as a consequence of the financial restructuring underway, expenses related to this process amounted R\$ 260 million. In the last twelve months, adjusted free cash flow was R\$1,389, a FCF yield for the period of 8.2%

# Business Performance

Consolidated information per unit in 2Q19:

R\$ million	Forestry	Pulp	Papers	Packaging	Eliminations	Total
<b>Net revenue</b>						
Domestic market	68	355	442	637	(1)	1,501
Exports	-	607	400	92	-	1,099
<b>Third part revenue</b>	<b>68</b>	<b>962</b>	<b>842</b>	<b>729</b>	<b>(1)</b>	<b>2,600</b>
Segments revenue	358	29	405	6	(798)	-
<b>Total net revenue</b>	<b>426</b>	<b>991</b>	<b>1,247</b>	<b>735</b>	<b>(799)</b>	<b>2,600</b>
Change in fair value - biological assets	21	-	-	-	-	21
Cost of goods sold*	(631)	(468)	(971)	(621)	821	(1,870)
<b>Gross income</b>	<b>(184)</b>	<b>523</b>	<b>276</b>	<b>114</b>	<b>22</b>	<b>751</b>
Operating expenses	(33)	(97)	(124)	(97)	40	(311)
<b>Operating results before financial results</b>	<b>(217)</b>	<b>426</b>	<b>152</b>	<b>17</b>	<b>62</b>	<b>440</b>

Note: In this table, total net revenue includes sales of other products.

\* Forestry COGS includes the exhaustion of the fair value of biological assets in the period.

Note: Comparison basis on Appendix 5.

## Forestry Business Unit

Volume (tsd tons)	2Q19	1Q19	2Q18	Δ	Δ	6M19	6M18	Δ
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Wood	454	447	531	1%	-15%	901	1,087	-17%
<b>Revenue (R\$ million)</b>								
Wood	75	70	83	7%	-9%	145	167	-13%

Klabin shipped 454 thousand tons of timber in 2Q19, a 15% reduction over the same period last year. Net revenues from timber sales amounted to R\$ 75 million in the quarter. With the lower wood surplus due to capacity increases in recent years, the Company is gradually running down the sale of this product.

In the first half of 2019, the Company sold 901 thousand tons of wood representing net sales of R\$145 million.

## Pulp Business Unit

### Production

Volume (tsd tons)	2Q19	1Q19	2Q18	Δ	Δ	6M19	6M18	Δ
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Short Fiber	283	293	262	-3%	8%	575	467	23%
Long Fiber / Fluff	104	103	82	1%	27%	208	157	32%
<b>Total Pulp Volume</b>	<b>387</b>	<b>396</b>	<b>344</b>	<b>-2%</b>	<b>13%</b>	<b>783</b>	<b>624</b>	<b>25%</b>

## Sales Volume

Volume (tsd tons)	2Q19	1Q19	2Q18	Δ		6M19	6M18	Δ
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Short Fiber DM	82	59	21	40%	288%	141	47	202%
Short Fiber EM	192	214	203	-10%	-5%	407	408	0%
<b>Total Short Fiber Volume</b>	<b>275</b>	<b>273</b>	<b>224</b>	<b>1%</b>	<b>22%</b>	<b>548</b>	<b>454</b>	<b>21%</b>
Long Fiber / Fluff DM	45	40	47	13%	-5%	85	94	-10%
Long Fiber / Fluff EM	52	40	22	30%	133%	92	58	58%
<b>Total Long Fiber / Fluff Volume</b>	<b>97</b>	<b>80</b>	<b>70</b>	<b>22%</b>	<b>39%</b>	<b>177</b>	<b>153</b>	<b>16%</b>
<b>Total Pulp Volume</b>	<b>371</b>	<b>353</b>	<b>294</b>	<b>5%</b>	<b>26%</b>	<b>724</b>	<b>607</b>	<b>19%</b>
<b>Revenue (R\$ million)</b>								
Short Fiber	669	670	552	0%	21%	1,340	1,021	31%
Long Fiber	289	250	202	15%	43%	539	416	30%
<b>Total Pulp Revenues</b>	<b>958</b>	<b>921</b>	<b>753</b>	<b>4%</b>	<b>27%</b>	<b>1,879</b>	<b>1,438</b>	<b>31%</b>

The pulp market remained difficult during the second quarter of 2019, a trend already perceived in the previous two quarters. Economic uncertainties and possible deceleration in pulp demand in both Europe and China added to the current level of supply chain inventories, depressing bleached pulp prices in key geographies. The average FOEX list price for hardwood pulp in Europe was USD 938/ton in 2Q19, 5.7% below the previous quarter. Similarly, softwood pulp prices in Europe were USD 1,049/ton, an 8.8% decrease over the previous period.

In the quarter, Klabin shipped 371 thousand tons of pulp, of which 275 thousand tons of hardwood and 97 thousand tons of softwood/fluff pulps. Sales volume is increasing both quarterly and on a year-on-year basis. In the first half of the year, the Company sold 724 thousand tons of pulp, a 19% increase over the first half of 2018. The transition of volumes following the end of the commercialization agreement with Fibria has been accomplished in a structured and successful manner, underlining Klabin's good business relationship with its clients.

Net revenue from the pulp business was R\$958 million in 2Q19, up 4% over the previous quarter and 27% over the same period in 2018. In the first half, revenue totaled R\$1,879, a 31% increase. Notwithstanding the slide in prices in pulp markets, Klabin was successful in maintaining its prices resilient, notably in the fluff market, which has a less volatile price dynamic, and because of the time lag in the price agreement maintained with Fibria.



## Paper Business Unit

Volume (tsd tons)	2Q19	1Q19	2Q18	$\Delta$		6M19	6M18	$\Delta$
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Kraftliner DM	34	35	33	-1%	4%	69	67	3%
Kraftliner EM	50	55	50	-9%	0%	104	110	-6%
<b>Total Kraftliner</b>	<b>84</b>	<b>89</b>	<b>83</b>	<b>-6%</b>	<b>2%</b>	<b>173</b>	<b>177</b>	<b>-2%</b>
Coated boards DM	90	91	88	-1%	2%	181	182	-1%
Coated boards EM	76	56	51	35%	47%	132	112	17%
<b>Total Coated boards</b>	<b>166</b>	<b>147</b>	<b>140</b>	<b>13%</b>	<b>19%</b>	<b>313</b>	<b>295</b>	<b>6%</b>
<b>Total Paper</b>	<b>250</b>	<b>236</b>	<b>222</b>	<b>6%</b>	<b>12%</b>	<b>486</b>	<b>472</b>	<b>3%</b>
<b>Revenue (R\$ million)</b>								
Kraftliner	219	242	219	-9%	0%	461	441	5%
Coated boards	599	529	475	13%	26%	1,128	981	15%
<b>Total Paper</b>	<b>818</b>	<b>771</b>	<b>694</b>	<b>6%</b>	<b>18%</b>	<b>1,589</b>	<b>1,422</b>	<b>12%</b>

## Kraftliner

The kraftliner market recorded declining prices throughout the second quarter, as reported by FOEX in Europe. Average list price was USD733/ton, down 10% in relation to the previous quarter. Despite the negative trend seen in the quarter, the decrease appeared to be levelling off in the final weeks of the period.

In 2Q19, kraftliner reported sales of 84 thousand tons, and in the first half a total of 173 thousand tons. The slight deceleration in sales is in line with business strategy of diverting kraftliner to packaging, leveraging the advantage of the Company's vertical integration and mitigating less favorable paper prices in the international markets. This integration and flexibility between the different businesses brings greater stability during market downturns.

Despite continuing unfavorable international prices and stability in sales, net revenue in the quarter was R\$219 million, the same as 2Q18 and a reflection of Company's flexibility to switch to more lucrative markets. Year-to-date net revenues were R\$461 million, up 5% over the same period last year, despite the slight drop in volumes.

## Coated boards

One of highlights in the quarter, the coated board business posted significant volume growth in the period, especially in sales abroad. Cardboard sales volume was 166 thousand tons in 2Q19, up 13% over the previous quarter and 19% more than 2Q18. Year-to-date Klabin sales were 313 thousand tons, up 6%.

Volumes sold in the domestic market held steady, reflecting a continued slow recovery of the Brazilian economy. Conversely, in exports, volumes were driven by an increase in liquid packaging board (LPB) following the conclusion of commercial negotiations at the end of 2018.

Boosted by the increase in sales volume, net revenue for the quarter was R\$599 million, up 13% quarter-on-quarter and 26% year-on-year. In the first half of 2019, the Company posted net revenues of R\$1,128 million in the coated board business, up 15% over the same period last year.

Klabin is constantly investing in the development of improvements and new uses for cardboard, a product notably known for the technological content involved in its production. New product lines and commercial expansion to different regions have shown high growth rates and expectations are that these lines will increase their share in the Company's portfolio of solutions.

## Packaging Business Unit

Volume (tsd tons)	2Q19	1Q19	2Q18	Δ	Δ	6M19	6M18	Δ
				2Q19/1Q19	2Q19/2Q18			6M19/6M18
Total packaging	188	183	187	3%	0%	370	376	-2%
Revenue (R\$ million)	2Q19	1Q19	2Q18	Δ	Δ	6M19	6M18	Δ
Total packaging	716	692	675	3%	6%	1,407	1,340	5%

Demand for packaging in the domestic market outperformed GDP forecasts for the period, despite coming in below initial estimates for the industry. The Brazilian Corrugated Cardboard Association (ABPO) reported a 1% growth in the first six months of the year in relation to the first half of 2018. At a similar pace, data posted by the National Cement Industry Union (SNIC) pointed to growth of 1.5% in cement sales compared to the first half of last year.

In this context, Klabin shipped 188 thousand tons of packaging paper in the second quarter, corresponding to net sales of R\$716 million. These figures show that despite the flat figure drop in sales volume, when compared to the 2Q18, the sector's net revenue was 3% higher, an indication of the Company's ability to operate in markets with more robust returns.

Demand for packaging correlates closely with the country's macroeconomic environment, particularly to indicators of economic activity, income and employment. In this sense, Klabin is positioned to capture the potential macroeconomic recovery that Brazil may experience with the approval of government reform measures and the restoration of confidence.

## Investments

R\$ million	2Q19	1Q19	2Q18	6M19
Forestry	92	84	63	176
Maintenance	144	163	79	307
Special projects and growth	57	50	51	107
Puma II Project	288	-	-	288
<b>Total</b>	<b>581</b>	<b>297</b>	<b>193</b>	<b>590</b>

Klabin invested R\$581 million throughout the second quarter 2019. Of the total invested, R\$ 92 million was allocated to forestry operations and R\$144 million to investments in the operational continuity of the plants. A further R\$57 million was allotted to

special and expansion projects, more particularly to those with high returns which aim at improving operational performance in the various segments in which the Company operates. These investments are from a cash point of view and do not include investments arising from forestry activities of subsidiaries through Special Purpose Entities (SPEs).

Disbursements related to the Puma 2 Expansion Project also began this quarter and totaled R\$288 million. Approved on April 16 and with an estimated net capital injection of R\$8.1 billion, the new expansion cycle comprises the construction and installation of two packaging paper machines (kraftliner), with total nominal capacity of 920 ktons p.a.. Throughout the quarter the project evolved according to schedule, completing its second month within the construction phase, counting up with more than 85% of total contracts already signed. Besides that, initial construction work has already begun for the Paper Machine, Fibers Line, Boilers, among others, according to what was previously planned and scheduled.

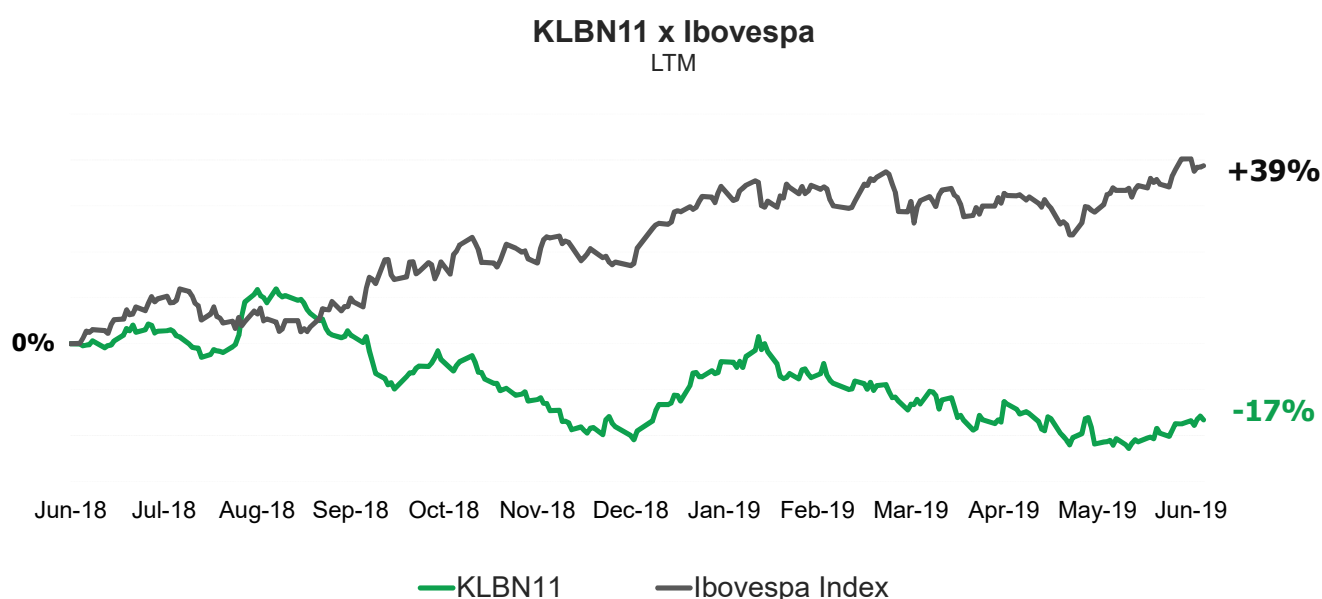
## Capital Markets

### Equity Markets

In the second quarter of 2019, Klabin's units (KLBN11) reported 4% depreciation versus a 6% increase for the IBOVESPA. Year to date, the shares showed a 3% appreciation compared to a 15% increase for the IBOVESPA. Trading on every day B3 – Brasil, Bolsa, Balcão, was open for business, the Units registered a trading volume of 349 million securities corresponding to an average daily trading volume of R\$73 million. Units reached a maximum price of R\$17.80 on April 02, 2019 and a minimum of R\$14.92 on June 04, 2019.

Klabin's capital stock was unchanged, represented by 5,410 million shares, of which 1,985 million are common, and 3,425 million, preferred shares. The Company's shares are also traded in the United States market and listed under a Level I ADR program on the Over-the-Counter market under the KLBY ticker symbol.

Klabin is a component of B3's Corporate Sustainability Index (ISE). The index represents shares of companies that are outstanding for the degree of their commitment to the sustainability of the business and the country as a whole. The Stock Index's component companies are selected annually, based on the criteria of the Getúlio Vargas Foundation's Center for Sustainability Studies (GVces)



### Dividends

In the second quarter of 2019, the Company paid out R\$201 million in dividends, accounting for R\$ 0.03813885297 per stock and R\$ 0.19069426485 per Unit.

## Fixed Income

Klabin has four active note or bond issues. These securities mature in the years 2024, 2027, 2029 and 2049 - with coupons of 5.250% p.a., 4.875% p.a., 5.750% p.a. and 7.000% p.a., respectively, with semi-annual interest payments. Important to point out is that the bonds issued for 2027 and 2049 are green bonds, which are securities whose resources must be allocated exclusively in eligible green projects.

Klabin has an investment grade rating of BB+ from Fitch Ratings and Standard & Poors.



## Subsequent Events

- As noticed to the market on 07/08/2019, Klabin has retapped its 2029 Notes issuance to raise additional US\$ 250 million with a yield of 4.90% p.a.
- Issuance of Agribusiness Receivable Certificates (CRA) totaling R\$1 billion, with a 10 year maturity, interest of IPCA + 3.5% p.a. rate, and capitalizations opened in 07/22/2019 and closing in up to 3 months.
- Association with a Timber Investment Management Organization ("TIMO") in its Sapopema Reflorestadora S.A. ("SPE") subsidiary, as noticed to the market on 07/26/2019.

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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**Klabin S.A.**



**Klabin**

**Quarterly Information (ITR) at June 30, 2019**

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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<b>CONTENTS</b>	<b>Page</b>
BALANCE SHEET	23
STATEMENT OF OPERATIONS	25
STATEMENT OF COMPREHENSIVE INCOME	27
STATEMENT OF CHANGES IN EQUITY	28
STATEMENT OF CASH FLOW	29
STATEMENT OF VALUE ADDED	30
1 GENERAL INFORMATION	31
2 BASIS OF PRESENTATION OF THE QUARTERLY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES	33
3 CONSOLIDATION OF QUARTERLY INFORMATION	34
4 CASH AND CASH EQUIVALENTS	35
5 MARKETABLE SECURITIES	35
6 TRADE RECEIVABLES	36
7 RELATED PARTIES	38
8 INVENTORY	40
9 TAXES RECOVERABLE	40
10 INCOME TAX AND SOCIAL CONTRIBUTION	41
11 INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES	44
12 PROPERTY, PLANT AND EQUIPMENT	45
13 BIOLOGICAL ASSETS	46
14 RIGHT OF USE ASSET AND LEASE LIABILITY	49
15 BORROWINGS	52
16 DEBENTURES	56
17 TRADE PAYABLES	58
18 PROVISION FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL CONTINGENCIES	58
19 EQUITY	61
20 NET SALES REVENUE	64
21 COSTS, EXPENSES AND INCOME, BY NATURE	65
22 FINANCE RESULT	67
23 STOCK OPTION PLAN	68
24 EARNINGS (LOSS) PER SHARE	69
25 OPERATING SEGMENTS	70
26 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS	74
27 INSURANCE COVERAGE	79
28 EVENTS AFTER THE REPORTING PERIOD	79

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# KLABIN S.A.

All amounts in thousands of Reais

## BALANCE SHEET AT JUNE 30, 2019 AND DECEMBER 31, 2018

(All amounts in thousands of Reais)

	No te	Parent Company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
ASSETS					
Current					
Cash and cash equivalents	4	9,739,607	5,337,203	10,102,644	5,733,854
Marketable securities	5	1,347,769	1,305,401	1,355,631	1,313,350
Accounts receivable:					
. Trade receivables	6	1,701,956	1,818,806	1,982,565	2,086,325
. Allowance for doubtful debts	6	(46,811)	(45,092)	(47,074)	(45,394)
Related parties	7	428,707	373,793	-	-
Inventory	8	1,376,428	1,117,179	1,460,424	1,206,353
Taxes recoverable	9	314,745	267,964	314,745	269,728
Other assets		260,394	304,008	272,405	297,718
Total current assets		15,122,795	10,479,262	15,441,340	10,861,934
Non-current					
long-term receivables					
Judicial deposits	18	99,965	85,226	101,397	86,658
Taxes recoverable	9	1,148,643	1,280,811	1,148,643	1,280,811
Other assets		337,682	303,655	276,975	300,757
		1,586,290	1,669,692	1,527,015	1,668,226
Investments:					
. Interests in subsidiaries and joint venture	11	1,301,746	1,341,177	169,425	165,652
. Other		10,165	7,607	10,165	7,607
Property, plant and equipment	12	12,149,694	12,178,658	12,303,288	12,262,472
Biological assets	13	3,175,335	3,303,774	4,403,748	4,582,631
Right of use asset	14	360,809	-	360,809	-
Intangible assets		82,372	85,177	82,414	85,221
		17,080,121	16,916,393	17,329,849	17,103,583
Total non-current assets		18,666,411	18,586,085	18,856,864	18,771,809
Total assets		33,789,206	29,065,347	34,298,204	29,633,743

The accompanying notes are an integral part of this quarterly information.

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**KLABIN S.A.**  
All amounts in thousands of Reais

**BALANCE SHEET AT JUNE 30, 2019 AND DECEMBER 31, 2018**  
(All amounts in thousands of Reais)

	Note	Parent Company		Consolidated	
		06/30/2019	12/31/2018	06/30/2019	12/31/2018
LIABILITIES AND EQUITY					
Current					
Borrowings	15	1,227,314	1,917,808	1,186,632	1,913,779
Debentures	16	479,025	61,686	479,025	61,686
Trade payables	17	890,233	894,330	915,771	903,752
Tax payables		67,094	50,452	78,245	50,832
Social security and labor obligations		264,298	296,189	268,556	300,379
Related parties	7	20,665	24,751	4,442	4,692
Dividends and interest on shareholders' equity payable	19	-	250,000	-	250,000
Enrollment in Tax Recovery Program (REFIS)	18	-	73,862	-	73,862
Lease liability	14	76,456	-	76,456	-
Other payables and provisions		171,832	139,813	178,393	149,334
Total current liabilities		3,196,917	3,708,891	3,187,520	3,708,316
Non-current					
Borrowings	15	21,663,065	16,915,268	21,595,736	16,869,217
Debentures	16	1,340,570	600,990	1,340,570	600,990
Income tax and social contribution					
Deferred income tax and social contribution	10	1,007,093	938,207	1,026,549	959,906
Provision for tax, social security, labor and civil contingencies	18	65,748	64,118	65,748	64,118
Payables - Investors in Special Partnership Companies (SPCs)		-	-	310,999	301,583
Enrollment in Tax Recovery Program (REFIS)	18	-	265,587	-	265,587
Lease liability	14	287,247	-	287,247	-
Other payables and provisions		272,841	280,051	280,395	330,796
Total non-current liabilities		24,636,564	19,064,221	24,907,244	19,392,197
Total liabilities		27,833,481	22,773,112	28,094,764	23,100,513
Equity					
Share capital		4,076,035	4,076,035	4,076,035	4,076,035
Capital reserves		(350,624)	(361,231)	(350,624)	(361,231)
Revaluation reserve		48,705	48,705	48,705	48,705
Profit reserves		1,748,219	1,748,219	1,748,219	1,748,219
Other comprehensive income		972,238	977,122	972,238	977,122
Retained earnings		(351,631)	-	(351,631)	-
Treasury shares		(187,217)	(196,615)	(187,217)	(196,615)
Shareholders' equity of Klabin	19	5,955,725	6,292,235	5,955,725	6,292,235
Non-controlling interest	1	-	-	247,715	240,995
Consolidated shareholders' equity		5,955,725	6,292,235	6,203,440	6,533,230
Total liabilities and equity		33,789,206	29,065,347	34,298,204	29,633,743

The accompanying notes are an integral part of this quarterly information.



(A free translation of the original in Portuguese)

**KLABIN S.A.**  
All amounts in thousands of Reais

STATEMENT OF OPERATIONS FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018					
(All amounts in thousands of Reais unless otherwise stated)					
	Note	Parent Company			
		From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b>Net sales revenue</b>	20	2,569,557	5,043,347	2,254,869	4,434,580
Variation in the fair value of biological assets	13	4,893	6,654	51,191	139,949
Cost of products sold	21	(1,868,101)	(3,454,705)	(1,471,323)	(3,031,709)
<b>Gross profit</b>		<u>706,349</u>	<u>1,595,296</u>	<u>834,737</u>	<u>1,542,820</u>
<b>Operating expenses</b>					
Sales	21	(205,514)	(390,145)	(167,616)	(334,496)
General and administrative	21	(154,489)	(288,656)	(128,844)	(251,930)
Other net	21	<u>59,483</u>	<u>59,690</u>	<u>(2,181)</u>	<u>(17,892)</u>
		<u>(300,520)</u>	<u>(619,111)</u>	<u>(298,641)</u>	<u>(604,318)</u>
Equity in the results of joint venture	11	<u>15,437</u>	<u>(37,003)</u>	<u>25,300</u>	<u>60,646</u>
<b>Profit before finance result and taxes</b>		<u>421,266</u>	<u>939,182</u>	<u>561,396</u>	<u>999,148</u>
<b>Finance result</b>	22	<u>(337,983)</u>	<u>(779,742)</u>	<u>(2,026,110)</u>	<u>(2,288,932)</u>
<b>Profit (loss) before taxes on income</b>		<b>83,283</b>	<b>159,440</b>	<b>(1,464,714)</b>	<b>(1,289,784)</b>
<b>Income tax and social contribution</b>					
. Current	10	(146,306)	(222,216)	(62,128)	(119,927)
. Deferred	10	<u>133,186</u>	<u>(67,855)</u>	<u>572,208</u>	<u>579,732</u>
		<u>(13,120)</u>	<u>(290,071)</u>	<u>510,080</u>	<u>459,805</u>
<b>Profit (loss) for the period</b>		<u><b>70,163</b></u>	<u><b>(130,631)</b></u>	<u><b>(954,634)</b></u>	<u><b>(829,979)</b></u>
<b>Basic earnings per common share - R\$</b>	23	<u>0.0133</u>	<u>(0.0248)</u>	<u>(0.1814)</u>	<u>(0.1577)</u>
<b>Diluted earnings per common share - R\$</b>	23	<u>0.0133</u>	<u>(0.0248)</u>	<u>(0.1814)</u>	<u>(0.1577)</u>

The accompanying notes are an integral part of this quarterly information.

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**KLABIN S.A.**  
All amounts in thousands of Reais

STATEMENT OF OPERATIONS FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018					
(All amounts in thousands of Reais unless otherwise stated)					
		Consolidated			
	Note	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b>Net sales revenue</b>	20	2,599,819	5,089,843	2,235,178	4,424,332
Variation in the fair value of biological assets	13	21,050	(17,200)	69,105	188,258
Cost of products sold	21	(1,870,231)	(3,464,173)	(1,451,332)	(3,008,985)
<b>Gross profit</b>		<u>750,638</u>	<u>1,608,470</u>	<u>852,951</u>	<u>1,603,605</u>
<b>Operating expenses</b>					
Sales	21	(213,394)	(403,119)	(172,658)	(343,571)
General and administrative	21	(159,503)	(297,972)	(132,159)	(258,499)
Other net	21	<u>59,891</u>	<u>62,045</u>	<u>(460)</u>	<u>(15,726)</u>
		<u>(313,006)</u>	<u>(639,046)</u>	<u>(305,277)</u>	<u>(617,796)</u>
Equity in the results of joint venture	11	<u>2,028</u>	<u>3,773</u>	<u>1,762</u>	<u>3,391</u>
<b>Profit before finance result and taxes</b>		<u>439,660</u>	<u>973,197</u>	<u>549,436</u>	<u>989,200</u>
<b>Finance result</b>	22	<u>(339,935)</u>	<u>(790,097)</u>	<u>(2,011,639)</u>	<u>(2,273,815)</u>
<b>Profit (loss) before taxes on income</b>		<u>99,725</u>	<u>183,100</u>	<u>(1,462,203)</u>	<u>(1,284,615)</u>
<b>Income tax and social contribution</b>					
. Current	10	(160,848)	(241,404)	(64,910)	(124,871)
. Deferred	10	<u>133,373</u>	<u>(65,610)</u>	<u>572,479</u>	<u>579,507</u>
		<u>(27,475)</u>	<u>(307,014)</u>	<u>507,569</u>	<u>454,636</u>
<b>Profit (loss) for the period</b>		<u>72,250</u>	<u>(123,914)</u>	<u>(954,634)</u>	<u>(829,979)</u>
<b>Attributed to Klabin's shareholders</b>		<u>70,163</u>	<u>(130,631)</u>	<u>(954,634)</u>	<u>(829,979)</u>
<b>Attributed to non-controlling shareholders</b>		<u>2,087</u>	<u>6,717</u>	<u>-</u>	<u>-</u>
<b>Basic earnings per common share - R\$</b>	23	<u>0.0133</u>	<u>(0.0248)</u>	<u>(0.1814)</u>	<u>(0.1577)</u>
<b>Diluted earnings per common share - R\$</b>	23	<u>0.0133</u>	<u>(0.0248)</u>	<u>(0.1814)</u>	<u>(0.1577)</u>

The accompanying notes are an integral part of this quarterly information.

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**KLABIN S.A.**  
All amounts in thousands of Reais

**STATEMENT OF COMPREHENSIVE INCOME FOR THE QUARTERS AND SIX-MONTH PERIODS ENDED  
JUNE 30, 2019 AND 2018**  
(All amounts in thousands of Reais)

	Parent Company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b>Profit (loss) for the period</b>	<b>70,163</b>	<b>(130,631)</b>	<b>(954,634)</b>	<b>(829,979)</b>
<b>Other comprehensive income:</b>				
. Foreign currency translation adjustments (i)	(6,320)	(4,370)	(4,930)	(6,892)
. Actuarial liability remeasurement (ii)	1,000	2,001	950	1,898
<b>Total comprehensive income for the period, net of taxes</b>	<b>64,843</b>	<b>(133,000)</b>	<b>(958,614)</b>	<b>(834,973)</b>
	Consolidated			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b>Profit (loss) for the period</b>	<b>72,250</b>	<b>(123,914)</b>	<b>(954,634)</b>	<b>(829,979)</b>
<b>Other comprehensive income:</b>				
. Foreign currency translation adjustments (i)	(6,320)	(4,370)	(4,930)	(6,892)
. Actuarial liability remeasurement (ii)	1,000	2,001	950	1,898
<b>Total comprehensive income for the period, net of taxes</b>	<b>66,930</b>	<b>(126,283)</b>	<b>(958,614)</b>	<b>(834,973)</b>
<b>Attributed to Klabin's shareholders</b>	<b>64,843</b>	<b>(133,000)</b>	-	-
<b>Attributed to non-controlling shareholders</b>	<b>2,087</b>	<b>6,717</b>	-	-

(i) Effects that may in the future impact the result only in case of sale of the investee.

(ii) Effects that will never be transferred to profit or loss, net of deferred income tax and social contribution at a rate of 34%

The accompanying notes are an integral part of this quarterly information.

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**KLABIN S.A.**  
All amounts in thousands of Reais

**STATEMENT OF CHANGES IN EQUITY FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018**  
(All amounts in thousands of Reais)

	Share capital	Capital reserves	Own assets	Legal	Tax incentives	Biological assets	Proposed dividends	Revenue reserves	Retained earnings	Shareholder's equity from Klabin	Non-controlling interest	Consolidated shareholder's equity
								and working capital				
								adjustments	Treasury shares			
<b>At December 31, 2017</b>	2,310,783	1,187,359	48,705	149,480	130,551	729,793	171,000	987,016	(206,120)	(829,979)	-	7,234,151
Loss for the period	-	-	-	-	-	-	-	(4,994)	-	(89,979)	-	(89,979)
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	(4,994)
Comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	(84,973)
Contribution of subsidiary dependent investee attributable to Klabin	-	-	-	-	-	-	-	-	-	-	-	-
Stock option plan (Note 23):	-	-	-	-	-	-	-	-	-	-	-	-
- Treasury shares sold	1,559,282	(1,559,282)	-	-	-	-	-	-	-	-	-	-
- Award of treasury shares	-	8,023	-	-	-	-	-	-	4,903	12,926	-	12,926
- Recognition of the stock option plan remuneration	-	-	-	-	-	-	-	(4,903)	4,903	-	-	-
- Maturity of stock option plan	-	-	-	-	-	-	-	3,819	-	-	-	3,819
- Conversion of the stock option plan	-	2,699	-	-	-	-	-	(2,699)	-	3,899	-	3,899
- Other	-	-	-	-	-	-	-	-	(3,588)	(3,588)	-	(3,588)
Prepaid dividends for 2018	-	-	-	-	-	-	(171,000)	-	-	(152,000)	-	(152,000)
Prepaid dividends for the year 2017	-	-	-	-	-	-	-	-	-	(171,000)	-	(171,000)
<b>At June 30, 2018</b>	4,076,035	(361,231)	48,705	149,480	130,551	729,793	-	979,139	(196,380)	(981,979)	-	6,092,665
Loss for the period	-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid dividends for 2019	-	-	-	-	-	-	-	-	-	-	-	-
Stock option plan (Note 23):	-	-	-	-	-	-	-	-	-	-	-	-
- Treasury shares sold	7,606	(7,606)	-	-	-	-	-	-	-	-	-	-
- Recognition of the stock option plan remuneration	-	-	-	-	-	-	-	(4,699)	4,699	-	-	-
- Maturity of the stock option plan	-	-	-	-	-	-	-	5,185	-	-	-	5,185
- Other	-	-	-	-	-	-	-	(3,001)	-	-	-	-
<b>At June 30, 2019</b>	4,076,035	(350,664)	48,705	153,384	130,919	815,163	-	972,238	(187,217)	(981,631)	247,715	6,203,440

The accompanying notes are an integral part of this quarterly

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## KLABIN S.A.

All amounts in thousands of Reais

### STATEMENT OF CASH FLOWS FOR THE AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018 (All amounts in thousands of Reais)

	Parent Company		Consolidated	
	From 1/1 to 06/30/2019	From 1/1 to 06/30/2018	From 1/1 to 06/30/2019	From 1/1 to 06/30/2018
<b>Net cash provided by operating activities</b>	<b>481,167</b>	<b>1,319,197</b>	<b>963,768</b>	<b>1,445,159</b>
<b>Cash provided by operations</b>	<b>953,461</b>	<b>1,344,922</b>	<b>1,348,489</b>	<b>1,392,301</b>
Net profit for the period	(130,631)	(829,979)	(123,914)	(829,979)
Depreciation and amortization	524,750	505,892	535,458	516,217
Change in fair value of biological assets	(6,654)	(139,949)	17,200	(188,258)
Depletion of biological assets	376,743	280,646	439,769	329,910
Deferred income tax and social contribution	67,855	(579,732)	65,610	(579,507)
Interest and foreign exchange variations on borrowings	375,551	2,579,958	712,588	2,561,434
Interest and monetary variations on debentures	193,555	39,209	193,555	39,209
Payment of interest on borrowings	(549,166)	(530,074)	(539,443)	(519,401)
Interest on leases	7,291	-	7,291	-
Accrued interest - REFIS	14,372	18,798	14,372	18,798
Result on disposal of assets	4,127	3,059	4,127	3,059
Equity result of investees and JV	37,003	(60,646)	(3,773)	(3,391)
Other	38,665	57,740	25,649	44,210
<b>Changes in assets and liabilities</b>	<b>(472,294)</b>	<b>(25,725)</b>	<b>(384,721)</b>	<b>52,858</b>
Trade receivables and related parties	63,655	(57,083)	105,440	47,948
Inventories	(259,249)	(88,587)	(254,071)	(107,942)
Taxes recoverable	243,539	50,861	248,231	56,209
Marketable securities	(42,368)	(25,482)	(42,281)	(26,606)
Other assets	4,989	4,144	44,497	(815)
Suppliers	(27,059)	132,666	(10,943)	126,752
Tax obligations	16,642	(1,674)	27,413	(1,499)
Social security and labor obligations	(31,891)	(18,765)	(31,823)	(18,923)
Other liabilities	(282,400)	(21,805)	(310,104)	(20,254)
Income tax and social contribution paid	(158,152)	-	(161,080)	(2,012)
<b>Net cash used in investing activities</b>	<b>(764,844)</b>	<b>(350,175)</b>	<b>(872,366)</b>	<b>(394,388)</b>
Purchase of property, plant and equipment	(528,523)	(278,652)	(600,609)	(279,539)
Planting cost of biological assets	(241,650)	(98,354)	(276,886)	(143,562)
Proceeds from disposal of assets	7,271	18,258	7,271	18,258
Acquisition of investments and payment in subsidiaries (cash)	(2,142)	(2,099)	(2,142)	-
Dividends received from subsidiaries	200	10,672	-	10,455
<b>Net cash provided used in financing activities</b>	<b>4,686,081</b>	<b>(2,448,460)</b>	<b>4,277,388</b>	<b>(2,453,507)</b>
New borrowings	7,730,850	2,327	7,565,728	2,327
New Debenture (net of funding costs)	995,000	-	995,000	-
Repayment of borrowings	(3,499,932)	(1,900,841)	(3,739,501)	(1,901,523)
Payment of interest and participation in debenture results	(31,636)	(239,872)	(31,636)	(239,872)
Payment of lease liabilities	(49,506)	-	(49,506)	-
Disposal of treasury shares	12,305	12,926	12,305	12,926
Dividends paid SPCs	-	-	(4,002)	(4,365)
Dividends paid	(471,000)	(323,000)	(471,000)	(323,000)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>4,402,404</b>	<b>(1,479,438)</b>	<b>4,368,790</b>	<b>(1,402,736)</b>
<b>Cash and cash equivalent at the beginning of the period</b>	<b>5,337,203</b>	<b>6,650,697</b>	<b>5,733,854</b>	<b>7,028,422</b>
<b>Cash and cash equivalent at the end of the period</b>	<b>9,739,607</b>	<b>5,171,259</b>	<b>10,102,644</b>	<b>5,625,686</b>

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

## KLABIN S.A.

All amounts in thousands of Reais

### STATEMENT OF VALUE ADDED FOR THE AND SIX-MONTH PERIODS ENDED JUNE 30, 2019 AND 2018

(All amounts in thousands of Reais)

	Parent Company		Consolidated	
	From 1/1 to 06/30/2019	From 1/1 to 06/30/2018	From 1/1 to 06/30/2019	From 1/1 to 06/30/2018
<b>Revenues</b>				
. Sales of products	5,936,240	5,217,171	5,987,507	5,223,574
. Change in fair value of biological assets	6,654	139,949	(17,200)	188,258
. Other income	7,272	18,258	13,987	18,258
. Allowance for doubtful debts	3,128	(3,586)	3,086	(3,832)
	<b>5,953,294</b>	<b>5,371,792</b>	<b>5,987,380</b>	<b>5,426,258</b>
<b>Inputs acquired from third parties</b>				
. Cost of products sold	(1,098,337)	(1,519,500)	(1,115,118)	(1,447,411)
. Materials, electricity, outsourced services and other	(1,968,758)	(1,154,311)	(1,895,418)	(1,154,608)
	<b>(3,067,095)</b>	<b>(2,673,811)</b>	<b>(3,010,536)</b>	<b>(2,602,019)</b>
<b>Gross value added</b>	<b>2,886,199</b>	<b>2,697,981</b>	<b>2,976,844</b>	<b>2,824,239</b>
<b>Retentions</b>				
. Depreciation, amortization and depletion	(901,493)	(786,538)	(975,227)	(846,127)
<b>Net value added generated</b>	<b>1,984,706</b>	<b>1,911,443</b>	<b>2,001,617</b>	<b>1,978,112</b>
<b>Value added received through transfer</b>				
. Equity in the results of investees	(37,003)	60,646	3,773	3,391
. Finance income, including exchange variations	308,656	441,447	326,543	447,264
	<b>271,653</b>	<b>502,093</b>	<b>330,316</b>	<b>450,655</b>
<b>Total value added to distribute</b>	<b>2,256,359</b>	<b>2,413,536</b>	<b>2,331,933</b>	<b>2,428,767</b>
<b>Distribution of value added:</b>				
<b>Personnel</b>				
. Direct compensation	497,928	486,023	508,150	490,811
. Benefits	150,757	144,811	153,196	154,535
. Government Severance Indemnity Fund for Employees (FGTS)	44,299	41,466	44,382	41,547
	<b>692,984</b>	<b>672,300</b>	<b>705,728</b>	<b>686,893</b>
<b>Taxes and contributions</b>				
. Federal	495,145	(233,291)	516,299	(223,353)
. State	104,457	68,538	104,457	68,538
. Municipal	6,006	5,589	6,006	5,589
	<b>605,608</b>	<b>(159,164)</b>	<b>626,762</b>	<b>(149,226)</b>
<b>Remuneration of third-party capital</b>				
. Interest	1,088,398	2,730,379	1,116,636	2,721,079
	<b>1,088,398</b>	<b>2,730,379</b>	<b>1,116,636</b>	<b>2,721,079</b>
<b>Remuneration of own capital</b>				
. Dividends and participation in 6th debenture issue results	221,000	152,000	221,000	152,000
. Profits reinvested for the period	(351,631)	(981,979)	(344,910)	(981,979)
. Net income attributable to non-controlling shareholders	-	-	6,717	-
	<b>(130,631)</b>	<b>(829,979)</b>	<b>(117,193)</b>	<b>(829,979)</b>
	<b>2,256,359</b>	<b>2,413,536</b>	<b>2,331,933</b>	<b>2,428,767</b>

The accompanying notes are an integral part of this quarterly information.

(A free translation of the original in Portuguese)

## **KLABIN S.A.**

All amounts in thousands of Reais

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### **Notes to the quarterly information** **(Presented in thousands of Reais unless otherwise stated)**

#### **1 GENERAL INFORMATION**

Klabin S.A. (the "Company") and its subsidiaries operate in segments of the paper and pulp industry supplying domestic and foreign markets, with wood, packaging paper, paper sacks, corrugated cardboard boxes and pulp. Their operations are fully integrated, from forestry activities to the production of the final products. Klabin S.A. is a publicly held corporation whose shares and certificates of deposit of shares (Units) are traded under the code KLBN11, on the São Paulo Commodities, Futures and Stock Exchange (BM&FBOVESPA). The Company is domiciled in Brazil and headquartered in São Paulo.

The Company also has investments in Special Partnership Companies ("SPCs") for the specific purpose of raising funds from third parties for reforestation projects. The Company has contributed forest assets, whereas other investing shareholders have contributed cash to these SPCs. The SPCs give Klabin S.A. a preemptive right to acquire forestry products at market prices and conditions.

The Company also has ownership interests in other companies (Notes 3 and 11) whose operational activities relate to the Company's business objectives.

The issue of this Interim Financial Information of the Company and its subsidiaries was authorized by the Board of Directors on August 05, 2019.

#### **1.1 Conversion of the totality of the sixth debenture issue**

On January 31, 2018, all outstanding debentures were converted into "Units", in accordance with the terms of clause four, items 4.6.3 and 4.6.3.1 of the Deed of Issue, requested the conversion of all the outstanding Debentures into Units, by means of Notification of Conversion by the Issuer.

As a result, the Company's subscribed and paid-in capital stock which increased from R\$ 2,617,605 to R\$ 4,076,035, divided into 5,409,801,840 shares, all of which are nominative and without par value, of which 1,984,594,655 common shares and 3,425,207,185 preferred shares.

#### **1.2 Constitution of Guaricana Reflorestadora S.A. ("Guaricana")**

On December 13, 2018, the Company contributed the Entity Guaricana Reflorestadora SA, a Special Purpose Entity ("SPE"), together with a Timber Investment Management Organization ("TIMO"), which has as its main purpose is to exploit the forestry activity in the state of Santa Catarina - SC.

The Company contributed to the formation of Guaricana equity with 4,511 hectares of planted pinus forests in Santa Catarina - SC, amounting to R\$ 142,443 (R\$ 101,143 net of deferred taxes on the fair value of biological assets) and R\$ 869 in cash for working capital, totaling a contribution of R\$ 102,012. The TIMO, in turn, contributed R\$ 191,600 in cash, of which R\$ 190,000 were used for the acquisition of third-party forest assets comprised of 11,541 hectares of rural land in Santa Catarina, being 7,644 hectares were used for planting and 7,141 currently planted, costing R\$ 123,000 in forests and R\$ 67,000 on land.

According to the transaction documents between the partners, the Company will have the preemptive right to purchase Guaricana's forest production.

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

Klabin will hold 69.48% of the voting capital and 34.74% of the total capital of Guaricana, while TIMO holds the remaining capital, being able to elect members in the Board of Directors and participate in certain decisions of the new Entity with voting rights, including situations that require a qualified forum. The Company, as a controlling shareholder, consolidates Guaricana in accordance with the accounting rules established by the Accounting Pronouncements Committee ("CPC"). The participation of TIMO, given its participation characteristics in the management of the new Entity, is presented in the Company's consolidated quarterly information as "Non-controlling interest".

The Company may exercise a preference right in the purchase of the shares of the SPE belonging to TIMO, in a call option to be exercised between 2030 and 2035.

### **1.3 Constitution of Sapopema Reflorestadora S.A. ("Sapopema")**

In February 2019, the process of constitution of the wholly owned subsidiary Sapopema Reforestation S.A. was started with the purpose of acquiring lands and forests in the state of Paraná for reforestation.

Until the period ended June 30, 2019, the subsidiary acquired land in the amount of R\$ 67,400 and forests of R\$ 1,200.

### **1.4 Expansion project - Puma II**

As announced in a Significant Event to the market on April 16, 2019, the project for the expansion of capacity in the paper segment for packaging denominated "Puma II Project" was approved, covering the construction of two paper machines with pulp production located in Klabin's industrial unit in the municipality of Ortigueira (PR) ("Puma Unit").

The installation of the Puma II Project will be divided into two stages:

(i) First Stage consists of the construction of a main fiber line for the production of unbleached pulp integrated into a Kraftliner and Kraftliner White paper machine, which will be marketed under the Eukaliner brand, with a capacity of 450 thousand tons per year. In addition, this step also includes facilities to support new lines and plants in the areas of recovery and utilities.

(ii) Second Stage includes the construction of a complementary fiber line integrated with a Kraftliner paper machine with capacity of 470 thousand tons per year and expansion of some supporting structures.

The schedule foresees that the works of each stage will last 24 months, and the beginning of construction of the second stage will be soon after the end of the first stage. In this way, the startup of the first machine is scheduled for the second quarter of 2021, and the second machine scheduled for the second quarter of 2023.

The gross investment budgeted for the construction of the Puma II Project is R\$ 9.1 billion, subject to exchange rate fluctuations and inflation adjustments, to be disbursed between 2019 and 2023. Of this total, about R\$ 0.9 billion refers to recoverable taxes. Since most of the equipment will be installed in the First Phase of the Project, approximately two-thirds of the disbursements will occur between 2019 and 2021. The Project will be financed by the cash position of the Company and the generation of cash from current businesses, and can be complemented with financing, provided the conditions are attractive in terms of cost and term.

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**KLABIN S.A.**

All amounts in thousands of Reais

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**2 BASIS OF PRESENTATION OF THE QUARTERLY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES**

**2.1 Basis of presentation of the quarterly information**

The Company presents its parent company and consolidated quarterly information in accordance with the accounting standard CPC 21 (R1)- "Interim Financial Reporting" issued by the Brazilian Accounting Pronouncements Committee (CPC), and IAS 34 - "Interim Financial Reporting" issued by the International Accounting Standards Board (IASB), applicable to the preparation of Interim Financial Information (ITR), and in accordance with the standards issued by the Brazilian Securities Commission (CVM).

The Interim Financial Information was prepared considering the historical cost as a value base, which, in the case of financial assets measured at fair value through profit or loss, other financial assets and liabilities and biological assets are adjusted to reflect the measurement at fair value.

**2.2 Summary of significant accounting practices adopted**

The accounting practices adopted by the Company and its subsidiaries in the preparation of said Quarterly Information for the period ended June 30, 2019 are consistent with those applied in the preparation of the latest Annual Financial Statements as of December 31, 2018 and described in Note 2.2. , except for the adoption of the new standards issued by the IASB and CPC, as described in note 2.3. This Quarterly Information should be read in conjunction with those Annual Financial Statements issued on February 6, 2019.

**2.3 New technical pronouncements, revisions and interpretations**

The following new standards were approved and issued by the IASB and the CPC, which entered into force and were effectively adopted as of January 1, 2019. Management adopted its adoption as mentioned below.

**(i) IFRS 16 - Leasing Operations (CPC 06 (R2) - Leasing Operations)**

The new standard replaced IAS 17 - "Leasing Operations" and related interpretations, requiring lessor to recognize the liability for future payments "lease liabilities" and the right of use the leased asset "right of use the lease", for the majority of the lease agreements.

The effects of the new standard in the initial adoption and for the period ended June 30, 2019, on the financial position, are disclosed in note 14.

**(ii) IFRIC 23 - Uncertainty on the Treatment of Taxes on Profit (ICPC 22 - Uncertainty on the Treatment of Taxes on Profit)**

The new interpretation established requirements for recognition and measurement in situations where the Company has defined during the process of calculating income taxes (income and social contribution taxes) the use of uncertain tax treatments that may be questioned by the tax authority.

In situations where certain treatments are uncertain, the Company must define the likelihood of acceptance of the tax authorities in relation to them and present them separately, ascertaining eventual contingency if it is concluded that the tax authority will not accept such treatment.

The Company's Management began to consider aspects of IFRIC 23 (ICPC 22) and reviewed the

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## KLABIN S.A.

All amounts in thousands of Reais

judgments made in the determination of income tax and social contribution, concluding that there are no significant uncertain treatments used in its Quarterly Information, since all the procedures adopted for the collection of taxes on profit are covered by applicable legislation and judicial precedents.

### 3 CONSOLIDATED QUARTERLY INFORMATION

Subsidiaries are fully consolidated from the date of acquisition of control and continue to be consolidated until the date on which such control ceases to exist, except for jointly controlled entities (joint ventures), which are accounted for using the equity accounting method both in the parent company quarterly information and in the consolidated quarterly information.

The subsidiaries' quarterly information is prepared for the same reporting period as that of the parent company, using accounting policies that are consistent with the policies adopted by the parent company. The following criteria are adopted for consolidation purposes: (i) investments in subsidiaries and equity in the results of investees are eliminated, and (ii) profits from intercompany transactions and the related assets and liabilities are also eliminated.

The consolidated quarterly information comprise Klabin S.A. and its subsidiaries at June 30, 2019, December 31, 2018 and June 30, 2018, as follows:

				Ownership - %		
	Country	Activity	Participation	06/30/2019	12/31/2018	06/30/2018
<b><u>Subsidiaries:</u></b>						
Celucat	Brazil	Investment in companies	Direct	100	100	100
Guaricana Reflorestadora S.A. (i)	Brazil	Packaging paper	Direct	35	-	-
Klabin Argentina S.A.	Argentina	Industrial sacks	Direct	100	100	100
Klabin Áustria GmbH	Austria	Sale of products in the foreign market	Direct	100	100	100
Klabin do Paraná Produtos Florestais Ltda.	Brazil	Manufacture of phytotherapeutic products	Direct	100	100	100
Klabin Finance S.A.	Luxembourg	Finance	Direct	100	100	100
Klabin Fitoprodutos Ltda.	Brazil	Manufacture of phytotherapeutic products	Direct	100	100	100
Klabin Florestal Ltda.	Brazil	Forestry	Direct	100	100	100
Klabin Forest Products Company	USA	Sale of products in the foreign market	Direct	100	100	100
Klabin Limited	Cayman Islands	Investment in companies	Direct	100	100	100
Klabin Overseas	United Kingdom	Investment in companies	Direct	100	100	100
Klabin Trade	United Kingdom	Sale of products in the foreign market	Indirect	100	100	100
IKAPÊ Empreendimentos Ltda.	Brazil	Hotels	Direct	100	100	100
Monterla Holdings S.A.	Brazil	Investment in companies	Direct	100	100	100
Riohold Holdings	Brazil	Investment in companies	Direct	100	100	100
Santa Catarina Florestal	Brazil	Investment in companies	Direct	100	100	100
Sapopema Reflorestadora S.A. (i)	Brazil	Reforestation	Direct	100	-	-
<b><u>SPCs:</u></b>						
CG Forest	Brazil	Reforestation	Direct	71	80	78
Monte Alegre	Brazil	Reforestation	Direct	73	83	78
Harmonia	Brazil	Reforestation	Direct	76	73	75
Serrana	Brazil	Reforestation	Direct	66	64	66
Araucária	Brazil	Reforestation	Direct	66	64	67
<b><u>Joint ventures (not consolidated)</u></b>						
Florestal Vale do Corisco S.A.	Brazil	Reforestation	Direct	51	51	51

(i) See Note 1.

(i) See Note 1.

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## **KLABIN S.A.**

All amounts in thousands of Reais

### **Investment in joint ventures**

Considering its characteristics, the investment in Florestal Vale do Corisco S.A. is classified as a joint venture, and is recorded based on the equity accounting method in the parent company and consolidated quarterly information.

## **4 CASH AND CASH EQUIVALENTS**

In accordance with its policy, the Company has made low-risk investments with no significant risk of changes in value with financial institutions in Brazil and abroad, based on the ratings assigned to them by risk ratings agencies as described in Note 26. Management records these financial assets as cash and cash equivalents due to their immediate liquidity with financial institutions, and their insignificant risk of changes in value.

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Cash and bank deposits - local currency	2,013	25,424	11,027	80,742
Cash and bank deposits - foreign currency (i)	-	-	44,697	73,514
Marketable securities- local currency	6,170,662	4,947,107	6,342,088	5,112,257
Marketable securities - foreign currency (i)	3,566,932	364,672	3,704,832	467,341
	<b>9,739,607</b>	<b>5,337,203</b>	<b>10,102,644</b>	<b>5,733,854</b>

(i) In U.S. dollars

Financial investments in local currency, relating to Bank Deposit Certificates (CDBs) and other repurchase transactions, are indexed to the Interbank Deposit Certificate (CDI) rate with an average annual yield of 6.42% (6.43% at December 31, 2018). Financial investments in foreign currency, relating to overnight and time deposit operations, have an average annual yield of 2.52% and 2.79% respectively (overnight of 1.98% at December 31, 2018). These investments have immediate liquidity, as guaranteed by the financial institutions.

## **5 MARKETABLE SECURITIES**

Marketable securities comprise National Treasury Bills (LFTs) and National Treasury Notes (NTN-B). LFT has yields indexed to the Special System for Settlement and Custody (SELIC) interest rate, and with maturities up to 2020 and NTN-B Notes have yields indexed to the Amplified Customer Price Index (IPCA) + 6% interest rate, and with maturities up to 2020 and 2022.

Through its wholly-owned subsidiary Klabin Finance, the Company acquired dollar denominated Bonds with indexed yield of 3.52% to 4.02% and maturing in 2028 and 2038 and corresponding R\$ 7,862 at June 30, 2019 (R\$ 7,949 at December 31, 2018).

At June 30, 2019, the balance of these securities was R\$ 1,347,769 at the parent company and of R\$ 1,355,631 in the consolidated quarterly information (R\$ 1,305,401 and R\$ 1,313,350 respectively at December 31, 2018). Management has classified these securities fair value through profit or loss, in accordance with CPC 48 (IFRS 9) - Financial Instruments, due to the possibility of sale to generate gain or loss in that operation. There is an active trading market for these securities.

Marketable securities are included in Level 1 of the fair value measurement hierarchy, according to the hierarchy defined in CPC 46 (equivalent to IFRS 13), "Fair value measurement", since they are assets with prices quoted in the market.

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**KLABIN S.A.**

All amounts in thousands of Reais

**6 TRADE RECEIVABLES**

	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
<b>Trade receivables</b>				
. Local	1,218,645	1,345,818	1,218,726	1,345,912
. Foreign	483,311	472,988	763,839	740,413
<b>Total trade receivables</b>	<b>1,701,956</b>	<b>1,818,806</b>	<b>1,982,565</b>	<b>2,086,325</b>
Allowance for doubtful debts ("AFDD")	(46,811)	(45,092)	(47,074)	(45,394)
	<b>1,655,145</b>	<b>1,773,714</b>	<b>1,935,491</b>	<b>2,040,931</b>
<b>Overdue</b>	<b>70,780</b>	<b>70,587</b>	<b>79,404</b>	<b>79,821</b>
% on total portfolio (without AFDD)	1.41%	1.40%	1.63%	1.65%
1 to 10 days	3,027	4,647	3,027	4,647
11 to 30 days	16,636	10,352	22,391	15,622
31 to 60 days	1,337	7,020	2,410	9,790
61 to 90 days	437	1,487	1,368	1,964
Over 90 days	49,343	47,081	50,208	47,798
Falling due	1,631,176	1,748,219	1,903,161	2,006,504
<b>Total portfolio</b>	<b>1,701,956</b>	<b>1,818,806</b>	<b>1,982,565</b>	<b>2,086,325</b>

The average collection period for accounts receivable was approximately 86 days at June 30, 2019 (83 days at December 31, 2018), for domestic market sales and approximately 151 days (142 days at December 31, 2018) for foreign market sales, and interest is charged after the contractual maturity date. As mentioned in Note 26, the Company has rules for monitoring receivables and overdue notes as well as for the risk of not receiving the amounts arising from credit sale transactions.

**a) Allowance for doubtful debts (AFDD)**

Management assumptions, the provision for doubtful debts is considered sufficient to cover any losses on the outstanding receivables. The changes in the provision for doubtful debts were as follows:

	<b>Parent Company</b>	<b>Consolidated</b>
<b>At December 31, 2017</b>	<b>(40,096)</b>	<b>(40,133)</b>
Allowance for doubtful debts	(8,152)	(8,424)
Reversals	2,223	2,230
Write-off	933	933
<b>At December 31, 2018</b>	<b>(45,092)</b>	<b>(45,394)</b>
Allowance for doubtful debts	(9,996)	(9,996)
Reversals	8,277	8,316
<b>At June 30, 2019</b>	<b>(46,811)</b>	<b>(47,074)</b>

The estimated loss for allowance for doubtful accounts relates mainly to trade notes overdue for more than 90 days and/or with high risk of not being paid. Items overdue for more than 90 days without risk of loss refer to ongoing negotiations and/or guarantees received. The Company constantly monitors the balance of receivables, considering the concept of loss incurred and expected loss and when the lower expectation of not being able to receive it, is the estimated loss with doubtful debts.

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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The expense incurred on the recognition of the provision for doubtful debts is recorded in the statement of operations, under "Selling expenses".

The Company maintains an insurance policy against default for receivables in the domestic and foreign markets for all business units, except for the wood customers of the Forest unit, and certain customers that do not meet the insurance company's requirements to be covered by the policy, such as continuity and liquidity, analyzed by the insurance companies to be incorporated in the insurance policy. The current insurance policy expires in August 2020.

**b) Receivables discount operations**

In the six-month period ended June 30, 2019, non-recourse receivables discount operations were performed with specific customers in the amount of R\$ 1,100,517 in the parent company and R\$ 1,262,620 in the consolidated (R\$ 2,478,246 in the parent company and R\$ 2,740,998 in the consolidated at December 31, 2018) for which all the risks and rewards associated with the assets were transferred to the counterparty, so that the anticipated receivables from third parties were derecognized from the quarterly information.

The financial cost charged by the bank upon completion of the discount on the receivable is recorded in the income statement under the "Discounts and Rebates" line.

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## KLABIN S.A.

All amounts in thousands of Reais

### 7 RELATED PARTIES

#### a) Balances and transactions with related parties

		Parent company			
		06/30/2019	12/31/2018	06/30/2018	
Type of relationship					
Balances					
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## KLABIN S.A.

All amounts in thousands of Reais

	Parent company			
	06/30/2019	12/31/2018	06/30/2018	
Type of relationship	Klabin			
	Irmãos			
	& Cia.	BNDES	Total	Total
	(i) e (ii)	(iii)		
	Subsidiary	Subsidiary		
<b>Balances</b>				
Current liabilities	4,442	593,658	598,100	656,894
Non-current liabilities	-	2,150,994	2,150,994	2,358,786
<b>Transactions</b>				
Interest expenses on financing		(110,488)	(110,488)	-
Guarantee commission - expenses	(12,907)	-	(12,907)	-
Royalty expenses	(26,694)	-	(26,694)	-

(i) Licensing for the use of brands. As of January, 2019, the trademark rights were fully transferred to SOGEMAR - Sociedade Geral de Marcas Ltda.

(ii) Guarantee commission, calculated based on the BNDES financing balance of 0.8% per year;

(iii) Loans obtained based on usual market conditions;

### b) Management and Fiscal Board remuneration and benefits

Management and Fiscal Board remuneration is determined by stockholders at the Annual General Meeting, in accordance with the Brazilian corporate legislation and the Company's bylaws. Accordingly, at the Annual General Meeting held on April 30, 2019, the stockholders established the overall amount of the annual remuneration of the members of the Board of Directors and Fiscal Board as up to R\$ 47,274 for 2019 (R\$ 43,439 for 2018).

The table below shows the remuneration of the members of the Board of Directors, Fiscal Board and statutory directors:

	Parent company and Consolidated							
	Short term		Long term					
	Board of directors remuneration		Pension plan		Remuneration based on shares		Total benefits	
	01/01 to 06/30/2019	01/01 to 06/30/2018	01/01 to 06/30/2019	01/01 to 06/30/2018	01/01 to 06/30/2019	01/01 to 06/30/2018	01/01 to 06/30/2019	01/01 to 06/30/2018
Fiscal Board and statutory director's	13,355	13,766	358	333	1,760	995	15,473	15,094

Management remuneration includes the fees paid to the Board, along with the fees paid to, and variable remuneration of statutory directors. Long-term benefits relate to contributions made by the Company to the pension plan and calculation of stock option plan. These amounts are mainly recorded under "Operating expenses - administrative".

In addition, the Company grants a stock option plan to the statutory directors and other executives, as described in Note 23.

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## KLABIN S.A.

All amounts in thousands of Reais

### 8 INVENTORY

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Finished products	372,995	321,333	434,865	387,476
Product in process	25,066	21,495	28,645	21,495
Timber and logs	437,003	285,657	437,408	285,657
Maintenance supplies	347,133	313,579	351,469	316,376
Raw materials	201,874	179,482	215,662	194,035
Estimated losses	(9,379)	(6,529)	(9,427)	(5,829)
Other	1,736	2,162	1,802	7,143
	<b>1,376,428</b>	<b>1,117,179</b>	<b>1,460,424</b>	<b>1,206,353</b>

Raw materials inventory includes, paper rolls transferred from paper units to conversion units. In 2019, the Company increased the purchase of timber and logs from third parties.

Expenses incurred with the recognition of estimated losses are recorded in the statement of operations under "Cost of products sold".

The Company does not have any inventory pledged as collateral.

### 9 TAXES RECOVERABLE

	06/30/2019		12/31/2018	
	Current assets	Non-assets	Current assets	Non-assets
Value-added Tax on Sales and Services (ICMS)	186,325	819,685	139,164	941,406
Social Integration Program (PIS)	373	10,512	1,456	10,729
Social Contribution on Revenue (COFINS)	964	57,878	5,950	58,875
Income tax/social contribution (IR/CSLL)	19,558	-	25,218	-
Tax on Industrialized Products (IPI)	80,696	260,568	79,736	269,801
Special regime for the reintegration of tax amounts for exporting companies (Reintegra)	2,554	-	12,130	-
Other	24,275	-	4,310	-
<b>Parent company</b>	<b>314,745</b>	<b>1,148,643</b>	<b>267,964</b>	<b>1,280,811</b>
Subsidiaries	-	-	1,764	-
<b>Consolidated</b>	<b>314,745</b>	<b>1,148,643</b>	<b>269,728</b>	<b>1,280,811</b>

The Company recognizes credits of taxes and contributions charged on purchases of property, plant and equipment, as permitted by the prevailing legislation, in addition to the ICMS government grant obtained from the Government of the State of Paraná in relation to the new pulp plant (the "Puma Project"). The credits are being offset against taxes payable of the same nature or against other taxes, when applicable. ICMS credits from the Puma Project is indexed to the FCA – Paraná State conversion and monetary correction factor, with compensation period up to 2036 in the decision whereby the government grant is provided.

In May 2016 and May 2018, the Company recognized credits of IPI gain in tax litigation, final and a decision without right of appeal, substantially allocated in finance result, as only the original value was accounted for an IPI expense. Credits are already available to offset in accordance with tax legislation in force.



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## KLABIN S.A.

All amounts in thousands of Reais

PIS/COFINS, IPI and ICMS on current assets are expected to be offset against the same taxes payable in the next 12 months, according to management's estimate.

The Company, based on budget analyses and estimates approved by Management does not foresee risks of non-realization of these taxes, as long as the budget estimates are realized.

### 10 INCOME TAX AND SOCIAL CONTRIBUTION

#### a) Nature and expected realization of deferred taxes

The balances of deferred tax assets and liabilities were as follows:

	Parent Company		Consolidated	
	06/30/2019	12/31/2018	06/30/2019	12/31/2018
Provision for tax, social security, labor and civil contingencies	6,968	7,095	6,968	7,095
Income tax and social contribution losses	513,877	522,040	513,902	522,068
Actuarial liability	41,465	40,654	41,465	40,654
Provision for labor	44,658	42,826	44,658	42,826
Deferred foreign exchange variations (i)	-	306,655	-	306,655
Gain or loss on financial instruments	160,842	38,803	160,842	38,803
Outras diferenças temporárias	124,171	132,685	124,171	132,685
<b>Non-current assets</b>	<b>891,981</b>	<b>1,090,758</b>	<b>892,006</b>	<b>1,090,786</b>
Fair value of biological assets	644,288	745,002	663,769	766,127
Revision of useful life of property, plant and	441,699	442,139	441,699	442,139
Deemed cost of property, plant and equipment (land)	545,429	544,903	545,429	545,505
Adjustment to present value of balances	-	36,650	-	36,650
Interest capitalized (Law 12,973/14)	128,438	136,004	128,438	136,004
Revaluation reserve	25,091	25,091	25,091	25,091
Right of use (IFRS 16)	32,961	-	32,961	-
Other temporary differences	81,168	99,176	81,168	99,176
<b>Non-current liabilities</b>	<b>1,899,074</b>	<b>2,028,965</b>	<b>1,918,555</b>	<b>2,050,692</b>
<b>Net balance (liability)</b>	<b>1,007,093</b>	<b>938,207</b>	<b>1,026,549</b>	<b>959,906</b>

(i) The Company changed the option for tax recognition of the exchange variations of its rights and obligations to the accrual basis for the year 2019.

Management, based on the approved budget, estimates that tax credits arising from temporary differences, tax losses and negative social contribution base will be realized as follows:

	06/30/2019	
	Parent Company	Consolidated
2019	233,476	233,476
2020	265,766	265,766
2021	163,569	163,569
2022	58,846	58,846
2023	7,332	7,332
2024 onwards	162,992	163,017
	<b>891,981</b>	<b>892,006</b>

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## KLABIN S.A.

All amounts in thousands of Reais

The estimated realization of the balance, considers, tax losses and negative bases, the compensation limitation of 30% of the actual profit for the year. The estimation may not materialize if the estimates used in the preparation of these quarterly information differ from those actually performed.

Information regarding the Company's taxes that are subject to litigation is disclosed in Note 18.

### b) Analysis of income tax and social contribution expenses

	Parent Company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
Current tax expense	(146,306)	(486,392)	(62,128)	(119,927)
Adoption of the exchange variation regime (i)	-	264,176	-	-
<b>Current</b>	<b>(146,306)</b>	<b>(222,216)</b>	<b>(62,128)</b>	<b>(119,927)</b>
Recognition and reversal of temporary differences	268,513	33,299	584,316	594,960
Revisions to useful lives of property, plant and equipment	(389)	(440)	1,966	11,615
Variation in fair value and depletion of biological assets	(134,938)	(100,714)	(14,074)	(26,843)
<b>Deferred</b>	<b>133,186</b>	<b>(67,855)</b>	<b>572,208</b>	<b>579,732</b>

	Consolidated			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
Current tax expense	(160,848)	(505,580)	(64,910)	(124,871)
Adoption of the exchange variation regime (i)	-	264,176	-	-
<b>Current</b>	<b>(160,848)</b>	<b>(241,404)</b>	<b>(64,910)</b>	<b>(124,871)</b>
Recognition and reversal of temporary differences	305,102	62,884	587,566	592,248
Revisions to useful lives of property, plant and equipment	(389)	(440)	1,966	11,615
Variation in fair value and depletion of biological assets	(171,340)	(128,054)	(17,053)	(24,356)
<b>Deferred</b>	<b>133,373</b>	<b>(65,610)</b>	<b>572,479</b>	<b>579,507</b>

(i) Reflects the adoption of the exchange variation regime by the substitution of the cash regime.

### c) Reconciliation of income tax and social contribution with the result of applying the statutory tax rate

	Parent Company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b>Income before income tax and social contribution</b>	<b>83,283</b>	<b>159,440</b>	<b>(1,464,714)</b>	<b>(1,289,784)</b>
Income tax and social contribution at the rate of 34%	(28,316)	(54,210)	498,003	438,527
Tax effect on permanent differences:				
Adjustment to present value of lease liabilities (i)	11,312	30,364	-	-
Equity results of investees	5,249	(12,581)	8,602	20,620
Adoption of the exchange variation regime	-	(264,176)	-	-
Other effects	(1,365)	10,532	3,475	658
	<b>(13,120)</b>	<b>(290,071)</b>	<b>510,080</b>	<b>459,805</b>
Income tax and social contribution				
. Current	(146,306)	(222,216)	(62,128)	(119,927)
. Deferred	133,186	(67,855)	572,208	579,732
<b>Income tax and social contribution expense</b>	<b>(13,120)</b>	<b>(290,071)</b>	<b>510,080</b>	<b>459,805</b>

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# **KLABIN S.A.**

**All amounts in thousands of Reais**

	<b>Consolidated</b>			
	<b>From 4/1 to 06/30/2019</b>	<b>From 1/1 to 06/30/2019</b>	<b>From 4/1 to 06/30/2018</b>	<b>From 1/1 to 06/30/2018</b>
<b>Income before income tax and social contribution</b>	<b>99,725</b>	<b>183,100</b>	<b>(1,462,203)</b>	<b>(1,284,615)</b>
Income tax and social contribution at the rate of 34%	(33,907)	(62,254)	497,149	436,769
Tax effect on permanent differences:				
Adjustment to present value of lease liabilities (i)	11,314	30,364	-	-
Equity results of investees	690	1,283	599	1,153
Adoption of the exchange variation regime	-	(264,176)	-	-
Other effects	(5,572)	(12,231)	9,821	16,714
	<b>(27,475)</b>	<b>(307,014)</b>	<b>507,569</b>	<b>454,636</b>
Income tax and social contribution				
. Current	(160,848)	(241,404)	(64,910)	(124,871)
. Deferred	133,373	(65,610)	572,479	579,507
<b>Income tax and social contribution expense</b>	<b>(27,475)</b>	<b>(307,014)</b>	<b>507,569</b>	<b>454,636</b>

(i) See Note 14.

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## KLABIN S.A.

All amounts in thousands of Reais

### 11 INVESTMENTS IN SUBSIDIARIES AND JOINTLY-CONTROLLED ENTITIES

	Klabin Finance S.A.	Guaricana Reflorestadora S.A.	Special Partnership Companies Serana	Special Partnership Companies CG Forest	Special Partnership Companies Mt Alegre	Special Partnership Companies Harmonia	Special Partnership Companies Araucária	Florestal Vale do Corisco S.A. (i)	Other	Total
<b>At December 31, 2017</b>	<b>70,232</b>	-	<b>89,698</b>	<b>113,931</b>	<b>197,243</b>	<b>192,428</b>	<b>104,930</b>	<b>171,673</b>	<b>105,968</b>	<b>1,106,103</b>
Acquisitions and capital contributions		102,012							2,099	104,111
Dividends distributed				(145)	(325)			(11,985)		(12,455)
Equity in the results of investees (ii)	37,043	26,277	12,814	(4,639)	7,838	26,937	18,884	5,964	21,644	152,762
Foreign exchange variations on investments a broad (iii)									(9,344)	(9,344)
<b>At December 31, 2018</b>	<b>107,275</b>	<b>128,289</b>	<b>102,512</b>	<b>109,147</b>	<b>204,756</b>	<b>219,365</b>	<b>183,814</b>	<b>165,652</b>	<b>120,367</b>	<b>1,341,177</b>
Acquisitions and capital contributions				(68)	(132)				2,142	2,142
Dividends distributed										(200)
Equity in the results of investees (ii)	(23,779)	2,895	(10,099)	(10,941)	(7,424)	(14,817)	(20,126)	3,773	43,515	(37,003)
Foreign exchange variations on investments a broad (iii)									(4,370)	(4,370)
<b>At June 30, 2019</b>	<b>83,496</b>	<b>131,184</b>	<b>92,413</b>	<b>98,138</b>	<b>197,200</b>	<b>204,548</b>	<b>103,688</b>	<b>160,425</b>	<b>101,654</b>	<b>1,301,746</b>

#### Summary of the financial information of subsidiaries at June 30, 2019

<b>Total assets</b>	4,095,248	392,504	145,585	140,923	278,030	281,418	256,195	436,023		
<b>Total liabilities</b>	4,011,752	12,923	4,907	1,932	8,449	11,869	8,007	103,818		
<b>Equity</b>	83,496	379,581	140,678	138,991	269,581	269,549	248,188	332,205		
<b>Profit/loss for the period</b>	(29,814)	10,299	(10,099)	(6,844)	1,899	(14,817)	(20,127)	7,397		

(i) Because it is a joint venture (Note 3), Vale do Corisco is not consolidated and is the only investment in the consolidated balance sheet that is accounted for on an equity basis.

(ii) Includes the effects of variations in, and the realization of, fair value of biological assets (Note 13).

(iii) Subsidiary and associated companies with affiliate characteristics with exchange variations allocated to other comprehensive income.

(iv), (v) and (vi) Refer to information in Note 1.

(A free translation of the original in Portuguese)

## KLABIN S.A.

All amounts in thousands of Reais

### 12 PROPERTY, PLANT AND EQUIPMENT

#### a) Composition of property, plant and equipment

	06/30/2019			12/31/2018		
<u>Parent company</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>	<u>Cost</u>	<u>Accumulated depreciation</u>	<u>Net</u>
Land	2,030,247	-	2,030,247	2,028,621	-	2,028,621
Buildings and construction	2,572,112	(586,774)	1,985,338	2,555,112	(540,260)	2,014,852
Machinery, equipment and facilities	12,141,090	(5,048,356)	7,092,734	12,027,200	(4,601,334)	7,425,866
Construction in progress	972,707	-	972,707	411,529	-	411,529
Other (i)	399,770	(331,102)	68,668	598,565	(300,775)	297,790
	<b>18,115,926</b>	<b>(5,966,232)</b>	<b>12,149,694</b>	<b>17,621,027</b>	<b>(5,442,369)</b>	<b>12,178,658</b>
<u>Consolidated</u>						
Land	2,174,909	-	2,174,909	2,102,042	-	2,102,042
Buildings and construction	2,574,550	(588,344)	1,986,206	2,557,769	(541,795)	2,015,974
Machinery, equipment and facilities	12,151,300	(5,054,901)	7,096,399	12,039,195	(4,608,045)	7,431,150
Construction in progress	972,703	-	972,703	410,812	-	410,812
Other (i)	405,349	(332,278)	73,071	604,511	(302,017)	302,494
	<b>18,278,811</b>	<b>(5,975,523)</b>	<b>12,303,288</b>	<b>17,714,329</b>	<b>(5,451,857)</b>	<b>12,262,472</b>

(i) Refers to leasehold improvements, vehicles, furniture and fittings and IT equipment.

Information about property, plant and equipment pledged as collateral in transactions carried out by the Company is disclosed in Note 15.

#### b) Summary of changes in property, plant and equipment

	Parent company					
	<u>Land</u>	<u>Building and construction</u>	<u>Machinery, equipment and facilities</u>	<u>Construction in progress</u>	<u>Other</u>	<u>Total</u>
<b>At December 31, 2017</b>	<b>1,998,046</b>	<b>1,975,127</b>	<b>7,878,751</b>	<b>460,614</b>	<b>286,653</b>	<b>12,599,191</b>
Purchases (i) e (ii)	24,962	-	16	649,588	-	674,566
Disposals	(1,103)	(8,158)	(14,546)	-	(289)	(24,096)
Depreciation	-	(89,597)	(937,626)	-	(66,882)	(1,094,105)
Internal transfers	12,950	102,135	528,738	(730,747)	86,924	-
Other	(6,234)	35,345	(29,467)	32,074	(8,616)	23,102
<b>At December 31, 2018</b>	<b>2,028,621</b>	<b>2,014,852</b>	<b>7,425,866</b>	<b>411,529</b>	<b>297,790</b>	<b>12,178,658</b>
Purchases (i)	-	-	-	551,485	-	551,485
Disposals	-	-	(14,156)	-	(4,621)	(18,777)
Depreciation	-	(46,550)	(472,761)	-	(35,905)	(555,216)
Internal transfers	1,626	13,439	153,550	16,958	(185,573)	-
Other	-	3,597	235	(7,265)	(3,023)	(6,456)
<b>At June 30, 2019</b>	<b>2,030,247</b>	<b>1,985,338</b>	<b>7,092,734</b>	<b>972,707</b>	<b>68,668</b>	<b>12,149,694</b>

(i) Net of recoverable taxes (Note 9).

(ii) See Note 1

	Consolidated					
	<u>Land</u>	<u>Building and construction</u>	<u>Machinery, equipment and facilities</u>	<u>Construction in progress</u>	<u>Other</u>	<u>Total</u>
<b>At December 31, 2017</b>	<b>2,004,150</b>	<b>1,977,037</b>	<b>7,889,025</b>	<b>461,876</b>	<b>287,407</b>	<b>12,619,495</b>
Purchases (i) e (ii)	92,412	-	16	652,082	-	744,510
Disposals	(1,102)	(8,158)	(14,546)	-	(291)	(24,097)
Depreciation	-	(89,685)	(938,520)	-	(67,105)	(1,095,310)
Internal transfers	12,948	102,135	528,738	(730,840)	87,019	-
Other	(6,366)	34,645	(33,563)	27,694	(4,536)	17,874
<b>At December 31, 2018</b>	<b>2,102,042</b>	<b>2,015,974</b>	<b>7,431,150</b>	<b>410,812</b>	<b>302,494</b>	<b>12,262,472</b>
Purchases (i)	71,264	-	-	552,307	-	623,571
Disposals	-	-	(14,156)	-	(4,621)	(18,777)
Depreciation	-	(46,595)	(473,275)	-	(36,016)	(555,886)
Internal transfers	1,626	13,439	153,550	16,956	(185,571)	-
Other	(23)	3,388	(870)	(7,372)	(3,215)	(8,092)
<b>At June 30, 2019</b>	<b>2,174,909</b>	<b>1,986,206</b>	<b>7,096,399</b>	<b>972,703</b>	<b>73,071</b>	<b>12,303,288</b>

(i) Net of recoverable taxes (Note 9).

(ii) See Note 1

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## **KLABIN S.A.**

All amounts in thousands of Reais

Depreciation was mainly allocated to the production cost for the period.

### **c) Useful lives and depreciation method**

The table below shows the annual depreciation rates calculated based on the straight-line method, which were applicable in the six-month period ended June 30, 2019 and the year ended December 31, 2018, defined based on the economically useful live of assets:

	<b>Rate - %</b>
Buildings and construction	2.86 to 3.33
Machinery, equipment and facilities	2.86 to 10 (i)
Other	4 to 20

(i) Average rate of 8%.

### **d) Construction in progress**

At June 30, 2019, the balance of works and facilities in progress refers substantially to projects to develop its industrial activity, involving the installation of a new scrubber and refurbishment of the recovery boiler at the Ortigueira (PR) plant, printer acquisitions for Piracicaba (SP) unit and the construction of two paper pulp machines, with integrated pulp production, located at Klabin's industrial unit at Ortigueira (PR) ("Puma Unit") cities, as explained in note 1.4.

### **e) Impairment of property, plant and equipment**

The Company, applying the requirements of CPC 01(R1) – Reduction of recoverable value of assets (IAS 36), performed the applicable analyses and did not identify indicators that the accounting value exceeds the recoverable value of its assets at June 30, 2019 and at December 31, 2018.

## **13 BIOLOGICAL ASSETS**

The Company's biological assets comprise the planting of pine and eucalyptus trees for the supply of raw materials for the production of short fiber, long fiber and fluff pulp, used in the manufacture of paper and for sales of logs to third parties.

At June 30, 2019 the Company owned 246 thousand hectares of planted areas (239 thousand hectares at December 31, 2018), not considering the permanent preservation areas and legal reserve that it maintains in compliance with Brazilian environmental legislation.

The balance of the Company's biological assets recorded at fair value, as follows:

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Cost of development of biological assets	1,327,852	1,142,474	1,923,737	1,715,919
Fair value adjustment of biological assets	1,847,483	2,161,300	2,480,011	2,866,712
	<b>3,175,335</b>	<b>3,303,774</b>	<b>4,403,748</b>	<b>4,582,631</b>

The fair value measurement of biological assets considers certain estimates, such as estimates of the price of wood, the discount rate, the harvesting plan for the forests and the productivity level, all of which are subject to uncertainties, which could have an impact on the Company's future results coming from the variations.

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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In the six-month period ended June 30, 2019, and in the year ended December 31, 2018, no need of provision for impairment was identified.

**a) Assumptions regarding the recognition of the fair value of biological assets**

The Company recognizes its biological assets at fair value. In its calculation of this fair value, the Company adopts the following assumptions:

(i) Eucalyptus forests are maintained at historical cost through the third year of planting and pine forests through the fifth year of planting, based on management's understanding that during this period the historical cost of biological assets approximates their fair value, in addition to the fact that an evaluation of growth and expectation of forestry production is only possible after this period;

(ii) After the third and fifth years of the planting of eucalyptus and pine forests, respectively, the forests are measured at fair value, which reflects the sales price of the asset less the costs necessary to prepare the assets for their intended use or sale;

(iii) The methodology utilized in the fair value measurement of biological assets corresponds to the discounted future cash flow estimated according to the projected productivity cycle of the forests, taking into consideration price variations and the growth of biological assets;

(iv) The discount rate utilized for cash flow is the Company's weighted average cost of capital, which is reviewed annually by management;

(v) The projected productivity volumes of forests are determined based on a categorization which considers the forest type, genetic material, handling system, productive potential, rotation which for that age. Together, these characteristics form an index called the Average Annual Growth (AAG) index, which is expressed in cubic meters per hectare/year, and which is utilized as the basis in the projection of productivity. The Company's harvesting plan varies mainly from six to seven years for eucalyptus trees and 14 to 15 years for pine trees;

(vi) The prices of biological assets, denominated in R\$/cubic meter, are obtained through market price surveys carried out by specialized firms. The prices obtained are adjusted by deducting the cost of capital relating to land, since this asset contributes to the planting of forests, and other costs necessary to prepare the assets for sale or consumption;

(vii) Planting expenses relate to the costs of the development of the biological assets;

(viii) The depletion of biological assets is calculated based on the fair value of the biological assets harvested in the period;

(ix) The Company review the fair value of its biological assets on a quarterly basis, since it understands that this period is sufficiently short to prevent any significant misstatement in the fair value of the biological assets recorded in its quarterly financial information;

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## **KLABIN S.A.**

All amounts in thousands of Reais

### **b) Reconciliation and movement in fair value**

	<b>Parent company</b>	<b>Consolidated</b>
<b>At December 31, 2017</b>	<b>3,272,496</b>	<b>4,147,779</b>
Planting	243,677	338,786
Acquisition of forest assets (i)	-	123,000
<u>Depletion:</u>	<b>(536,030)</b>	<b>(655,301)</b>
. Historical cost	(156,611)	(179,479)
. Fair value adjustment	(379,419)	(475,822)
<u>Change in fair value due to:</u>	<b>466,074</b>	<b>628,367</b>
. Price	185,764	239,346
. Growth	280,310	389,021
Formation of subsidiary (i)	(142,443)	-
<b>At December 31, 2018</b>	<b>3,303,774</b>	<b>4,582,631</b>
Planting	241,650	276,886
Acquisition of forest assets (i)	-	1,200
<u>Depletion:</u>	<b>(376,743)</b>	<b>(439,769)</b>
. Historical cost	(56,270)	(70,265)
. Fair value adjustment	(320,473)	(369,504)
<u>Change in fair value due to:</u>	<b>6,654</b>	<b>(17,200)</b>
. Price	(6)	(411)
. Growth	6,660	(16,789)
<b>At June 30, 2019</b>	<b>3,175,335</b>	<b>4,403,748</b>

(i) See note 1.

The depletion of biological assets in the periods presented was mainly included in production cost, after allocation to inventory through the harvesting forests and their use in the production process or their sale to third parties.

Noteworthy in the change in fair value is the increase in the discount rate used and the decrease in the productivity index for the period.

### **c) Sensitivity analysis**

In accordance with the hierarchy set out in CPC 46 (equivalent to IFRS 13), "Measurements at fair value", the calculation of biological assets is classified as Level 3 due to its complexity and calculation structure.

The assumptions applied include sensitivity to the prices used in the evaluation and the discount rate used in the discounted cash flow. Prices refer to the prices obtained in the regions in which the Company is located. The discount rate corresponds to the average cost of capital, taking into consideration the basic interest rate (SELIC) and inflation levels.

Significant increases (decreases) in the prices used in the appraisal would result in an increase (decrease) in the measurement at fair value of the biological assets. The weighted average price used in the appraisal of the biological assets for the period ended at June 30, 2019 was equivalent to R\$ 67/m<sup>3</sup> (R\$ 67/m<sup>3</sup> at December 31, 2018).



(A free translation of the original in Portuguese)

## **KLABIN S.A.**

**All amounts in thousands of Reais**

The effects of a significant increase (decrease) in the discount rate used in the measurement of the fair value of biological assets would result in a decrease (increase) in the values measured. The Company's WACC updates its weighted average cost of capital annually, using the new rate as of the first quarterly valuation of each year, remaining the same used in the calculation of the first quarter for the others. The discount rate used in the appraisal of the biological assets for the period ended at June 30, 2019 was 5.07% in constant currency (4.74% at December 31, 2018).

### **14 RIGHT OF USE ASSET AND LEASE LIABILITY**

#### **a) Initial adoption**

The Company adopted, on January 1, 2019, the date of transition, the guidelines of IFRS 16 / CPCo6 (R2) - "Leasing Operations", a new rule that the lessees recognized, from the date of transition, the right to the use of the leased asset and the liability of future payments for all leases or operations with the same characteristics as a lease, in which the lease has the right to control and obtain the benefits over the use of a specific (identified) asset, unless they are framed by some sort of exemption.

#### Transition Approach

Management assessed the impacts of the new standard and opted for the simplified retrospective approach. This approach does not impact retained earnings (shareholders' equity) on the date of the initial adoption, with the effects presented as of January 1, 2019.

In the transition, lease liabilities will be measured at the present value of the remaining payments, discounted at the incremental rate on their loans. Assets of rights of use will be measured at the amount equal to the lease liability, adjusted for any lease payments anticipated or accrued relating to that lease that was recognized in the balance sheet immediately prior to the initial application date.

#### Exemptions adopted by the Company

The Company applied the following practical expedients and exemptions:

(i) Definition of a lease in transition: The Company applied CPC 06 (R2) / IFRS 16 to all contracts entered into in force on January 1, 2019 that were identified as leases in accordance with CPC 06 (R2) / IFRS 16.

(ii) Contracts for which the remaining term at the date of adoption was equal to or less than 12 months: the Company continued to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iii) Contracts for which the underlying assets were of low value: the Company continued to recognize the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(iv) Apply a single discount rate to the lease portfolio with fairly similar characteristics (such as leases with a similar remaining lease term for a similar class of underlying asset).

#### Impacts on the balance sheet at initial adoption

The main impact of the adoption of the new standard is related to the lease of forest land, corresponding to approximately 80 thousand hectares, in addition to the leasing of industrial machinery, agricultural and administrative real estate and commercial warehouses.

The table below shows the effects on the balance sheet of the adoption of the new standard on January

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## KLABIN S.A.

All amounts in thousands of Reais

1, 2019 and June 30, 2019:

Effect of IFRS 16 on the Balance Sheet in					
	Assets			Liabilities and Equity	
	01/01/2019	06/30/2019		01/01/2019	06/30/2019
<b>Current</b>	-		<b>Current</b>	<b>90,477</b>	<b>76,456</b>
			Lease Liability	90,477	76,456
<b>Non-current</b>	<b>372,893</b>	<b>358,308</b>	<b>Non-current</b>	<b>282,416</b>	<b>287,247</b>
Asset use benefit	372,893	360,809	Lease Liability	282,416	287,247
Biological assets	-	(2,501)	<b>Equity</b>	-	<b>(5,395)</b>
			Retained earnings	-	(5,395)
<b>Total</b>	<b>372,893</b>	<b>358,308</b>	<b>Total</b>	<b>372,893</b>	<b>358,308</b>

### b) Accounting policy and assumptions for recognition

The right of use the assets and the leases liabilities are recognized at the future value of the contractual obligations assumed in the agreement, which are included in the net present value. The right of use the assets is amortized on a straight-line basis over the term of the contract in the income statement for the year in the relevant line of their nature ("Cost of Goods Sold" / "Administrative Expenses" / "Commercial Expenses"), as well as interest, corresponding to the amortization of the adjustment to the net present value of the contracts, are allocated in the "Financial result".

The depreciation of the right of use asset is calculated by the straight-line method according to the remaining term of each contract.

The Company recognizes its right of use and lease liabilities considering the following assumptions:

(i) Operations with contracts signed for more than 12 months fall within the scope of the standard. The Company does not consider renewal aspects in its methodology, since the assets involved in its operation are not indispensable for the conduct of its business, and may be substituted at the end of the contract for new assets acquired or for operations other than those agreed upon.

(ii) Contracts involving the use of low value underlying assets.

(iii) It is only considered operations that involve specific assets defined in the contract or for exclusive use throughout the contract period.

(iv) Inclusion of recoverable taxes in the definition of the contractual obligations assumed in the contracts to which it applies.

(v) The methodology used to calculate the net present value of the contracts corresponds to the cash flow of the assumed counterparties discounted by the discount rate defined for the asset class.

(vi) The discount rate for the six-month period ended June 30, 2019 used for leases of forest land and administrative real estate and commercial sheds was 3.00% per year for contracts maturing up to 5 years, 4.74% maturing from 5 to 10 years and 5.09% maturing over 10 years, in addition to 5.54% for operations involving machinery and equipment. The rates were obtained by financing operations for assets of these classes.

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## KLABIN S.A.

All amounts in thousands of Reais

The Company's leasing operations in effect on June 30, 2019 do not have clauses of restrictions that require the maintenance of financial indices, as well as do not present variable payment clauses that should be considered, or clauses of guarantee of residual value and options of purchase at the end of the contracts.

### c) Composition and summary movement of rights-of-use assets and lease liabilities

At June 30, 2019, the Company has 246 lease agreements (238 on January 1, 2019) recognized in its balance sheet.

Right of use	01/01/2019	Amortization	Additions / Disposals	06/30/2019
Lands	232,986	(16,307)	96,379	313,058
Buildings	32,976	(6,679)	-	26,297
Machines and equipment	106,931	(22,123)	(63,354)	21,454
<b>Total assets</b>	<b>372,893</b>	<b>(45,109)</b>	<b>33,025</b>	<b>360,809</b>

Lease liabilities	01/01/2019	Interest	Payments	Additions / Disposals	CP / LP Transfer	06/30/2019
Current	90,477	7,291	(49,506)	(14,996)	43,190	76,456
Non-current	282,416	-	-	48,021	(43,190)	287,247
<b>Total in liabilities</b>	<b>372,893</b>	<b>7,291</b>	<b>(49,506)</b>	<b>33,025</b>	<b>-</b>	<b>363,703</b>

In the six-month period ended June 30, 2019, the Company recorded expenses of R \$ 4.7 million related to short-term leases (less than 12 months of contract) or operations involving low-value assets involved in the contracts.

### d) Schedule of lease expiration

Consolidated				
06/30/2019				
	Lands	Buildings	Machines and Equipment	Total
2019	28,496	7,634	12,025	48,155
2020	45,722	14,508	18,076	78,306
2021	42,765	7,886	8,473	59,124
2022	38,127	-	120	38,247
2023	33,950	-	-	33,950
2024 - 2028	140,714	-	-	140,714
2029 - 2033	61,018	-	-	61,018
2034 - 2038	16,550	-	-	16,550
2039 - 2057	3,402	-	-	3,402
	<b>410,744</b>	<b>30,028</b>	<b>38,694</b>	<b>479,466</b>

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## KLABIN S.A.

All amounts in thousands of Reais

### 15 BORROWINGS

#### a) Composition of borrowings

	Annual interest rate - %	06/30/2019		
		Current	Non-Current	Total
<b><u>In local currency</u></b>				
. BNDES - Project Puma	6.0 or TJLP + 1.98 to 2.48	290,010	1,249,395	1,539,405
. BNDES - Other	TJLP + 2.06 to 3.28	44,793	81,269	126,062
. BNDES - FINAME	2.5 a 5.5 or TJLP + 2.06 to 3.28	58,380	3,397	61,777
. Export credit notes (in R\$)	102 to 114 of CDI	157,735	821,667	979,402
. CRA	95 to 102 of CDI or IPCA + 4.51%	32,334	2,795,916	2,828,250
. Other	1.0 to 8.75	13,501	15,292	28,793
. Cost with funding		(12,034)	(77,927)	(89,961)
		584,719	4,889,009	5,473,728
<b><u>In foreign currency (i)</u></b>				
. BNDES - Project Puma	USD + 7.29	180,023	813,161	993,184
. BNDES - Other	USD + 6.87 to 7.09	20,452	3,772	24,224
. Export prepayments	USD + Libor 1.35 to 4.75 or USD	49,739	3,604,225	3,653,964
. Export credit notes	USD + Libor 2.50	5,809	1,878,882	1,884,691
	USD + 5.20 to 8.29 or USD + Libor + 1.48 to 3.50	170,236	9,043,992	9,214,228
. Export prepayments in subsidiaries				
. BID	USD + Libor + 1.78 or USD + 1.00	73,071	333,823	406,894
	USD + Libor + 0.82 to 1.05 or USD + 1.88 to 3.88	161,377	857,185	1,018,562
. Finnvera				
. ECA	EUR + 0.45%	5,081	30,137	35,218
. Gain / loss on derivative instruments (swap)	4.70 to 5.67	-	308,578	308,578
. Cost with funding		(23,193)	(99,699)	(122,892)
		642,595	16,774,056	17,416,651
<b>Total parent company</b>		<b>1,227,314</b>	<b>21,663,065</b>	<b>22,890,379</b>
<b>Subsidiaries:</b>				
<b><u>In foreign currency (i)</u></b>				
. Bonds (Notes)	USD + 4.88 to 7.00	110,127	6,788,597	6,898,724
. Export prepayments		31,973	2,299,320	2,331,293
. Cost with funding		(12,546)	(111,254)	(123,800)
		129,554	8,976,663	9,106,217
<b>. Elimination of prepayments in subsidiaries</b>		<b>(170,236)</b>	<b>(9,043,992)</b>	<b>(9,214,228)</b>
<b>Total Consolidated</b>		<b>1,186,632</b>	<b>21,595,736</b>	<b>22,782,368</b>

(i) In U.S. dollars

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## KLABIN S.A.

All amounts in thousands of Reais

	Annual interest rate - %	12/31/2018		
		Current	Non-Current	Total
<b><u>In local currency</u></b>				
. BNDES - Project Puma	6.0 or TJLP + 1.98 to 2.48	289,961	1,388,334	1,678,295
. BNDES – Other	TJLP + 2.06 to 3.28	57,724	26,739	84,463
. BNDES - FINAME	2.5 to 5.5 or TJLP + 2.06 to 3.28	90,697	19,687	110,384
. Export credit notes (in R\$)	102 to 114 of CDI	93,047	2,832,215	2,925,262
. CRA	95 to 102 of CDI	19,335	1,795,916	1,815,251
. Other	1.0 to 8.75	18,916	18,443	37,359
. Cost with funding		(11,480)	(53,949)	(65,429)
		558,200	6,027,385	6,585,585
<b><u>In foreign currency (i)</u></b>				
. BNDES - Project Puma	USD + 7.18	182,437	911,895	1,094,332
. BNDES - Other	USD + 6.76 to 6.98	31,399	12,131	43,530
. Export prepayments	USD + Libor 1.70 to 4.75 or USD + 4.68 to 5.87	596,300	3,962,769	4,559,069
. Export credit notes	USD + Libor 2.50	134,040	452,060	586,100
. Export prepayments in subsidiaries	USD + 5.20 to 6.15	73,417	3,894,174	3,967,591
. BID	USD + Libor + 1.40 to 1.78 or USD + 1.00	190,528	650,951	841,479
. Finnvera	USD + Libor + 0.82 to 1.05 or USD + 1.88 to 3.88	167,047	948,024	1,115,071
. ECA	EUR + 0.45%	5,178	33,250	38,428
. Gain / loss on derivative instruments (swap)	5.64 to 5.67	-	114,125	114,125
. Cost with funding		(20,738)	(91,496)	(112,234)
		1,359,608	10,887,883	12,247,491
<b>Total parent company</b>		<b>1,917,808</b>	<b>16,915,268</b>	<b>18,833,076</b>
<b><u>Subsidiaries:</u></b>				
<b><u>In foreign currency (i)</u></b>				
. Bonds (Notes)	USD + 4.88 to 5.25	72,834	3,874,800	3,947,634
. Cost with funding		(3,446)	(26,677)	(30,123)
		69,388	3,848,123	3,917,511
. Elimination of prepayments in subsidiaries		(73,417)	(3,894,174)	(3,967,591)
<b>Total Consolidated</b>		<b>1,913,779</b>	<b>16,869,217</b>	<b>18,782,996</b>

(i) Principal in U.S. dollars

## National Bank for Economic and Social Development (BNDES)

The Company has contracts with BNDES for the financing of industrial development projects, such as the construction of the new paper machine in Correia Pinto (SC), the construction of a new recycled paper machine in Goiana (PE), and the construction of the Project Puma denominated pulp plant, the settlement of which is projected to take place in 2025. This financing is paid monthly, along with the related interest.

## Export prepayments and export credit notes

Export prepayment and credit note transactions were carried out for the purposes of working capital management and the development of the Company's operations. These agreements will be settled up to February 2026.

## Bonds (Notes)

The Company, through its wholly owned subsidiaries Klabin Finance S.A. and Klabin Áustria GmbH, has issued securities representing debt (Notes) in the international market, which are listed on the

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

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Luxembourg Securities Exchange (Euro MTF) and Singapore Exchange Securities Trading Limited, (SGX-ST), under Senior Notes 144A/Reg S type.

(i) In July 2014, the acquisition of USD 500 million with a maturity of 10 years and a coupon of 5.25% paid semi-annually was completed, with the objective of financing the activities of the Company and its subsidiaries in the normal course of business and attending to their social objects.

In April 2009, Company repurchased of USD 238 million, in connection with Company strategy of debt stretching.

(ii) In September 2017 the Company issued Green Bonds in the amount of USD 500 million, maturing in 10 years and a half-yearly coupon of 4.88%. The resource will be used for reforestation, restoration of native forests, investments in renewable energy, efficient logistics using rail transport, solid waste recycling and the development of eco-efficient products, among other sustainability practices.

(iii) In March 2019, the Company raised USD 500 million with a maturity of 10 years and a coupon of 5.75% per year and USD 500 million in Green Bonds maturing in 30 years and a coupon of 7% per year, for the purpose of prepayment or refinancing of Company's debts and its subsidiaries, as well as for cash reinforcement.

## **Finnvera (Finland Export Credit Agency)**

As part of the funds necessary for the execution of the Puma Project, the Company entered into a loan agreement, for the financing of the assets acquired. The commitment amounted to US\$ 460 million maturing in 2026, divided into two tranches: the first of US\$ 414 million accruing interest at 3.4% p.a. and the second tranche of US\$ 46 million, accruing interest of LIBOR 6M + 1% p.a., of which two disbursements in 2015 totaling US\$ 325.7 million and the remaining disbursements of R\$38.6 million in the fourth quarter of 2016, totaling US\$ 364.3 million. The value obtained in USD was lower than originally forecast due to the impact of imports being in Euro and the appreciation of the dollar against the Euro in the period.

## **IDB (Inter-American Development Bank)**

The commitment amounts to US\$ 300 million, divided into two tranches: the first of US\$ 150 million with interest of LIBOR 6M + 1.8% p.a. and the second tranche of US\$ 150 million, with interest of LIBOR 6M + 1.4% p.a., maturing in 2025.

## **CRA – Agribusiness Receivables Certificates**

The Company issued simple debentures that serve as the basis for the issuance of Agribusiness Receivables Certificates ("CRA"), of which:

(i) CRA I were issued by the Eco Securitization of Credit Rights of Agribusiness S.A in March 2017 in the amount of R\$ 845.9 million, with a term of 5 years and interest of 95% of the CDI.

(ii) CRA II were issued by the Eco Securitizadora de Crédito Agrícola do S.A in December 2017 in the amount of R\$ 600 million, with a maturity of 6 years and interest of 97.5% of CDI.

(iii) CRA III were issued by the Apice Securitizadora S.A in September 2018 in the amount of R\$ 350 million, with a maturity of 6 years and semi-annual interest of 102% of CDI.

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## **KLABIN S.A.**

All amounts in thousands of Reais

(iv) CRA IV were issued by VERT Companhia Securitizadora in April 2019 in the amount of R\$ 1 billion divided into two series. The first series in the amount of R\$ 200 million, with maturity of 7 years and semiannual interest of 98% of CDI. The second series in the amount of R\$ 800 million, with 10-year maturity and semiannual interest corresponding to the IPCA Treasury's internal rate of return.

### **Derivative instruments (swap) – gain / loss**

In December 2018, the Company obtained from Banco Bradesco a new export credit note of R \$ 1,879 million maturing in 2026 with interest of 114% of the CDI, with no collateral and no covenant, but coupled together of two foreign exchange swaps and the same rate, but in USD and interest of 5.6%, with the same maturity of the credit note, and no instrument can be settled separately.

In March 2019, the Company contracted with Banco Itaú a swap with an asset position of 114.65% of the CDI and a liability of USD 5.40% pa This transaction is connected to the 12th issue of debentures in the amount of R \$ 1 billion in April 2019, as disclosed in note 12 b).

The gain and loss of the derivative instruments are determined by their marking to the market, corresponding to their fair value, recognized in the financial result.

### **b) Schedule of non-current maturities**

The maturity dates of the Company's borrowings at June 30, 2019, classified in non-current liabilities in the consolidated balance sheet, are as follows:

Year	2020	2021	2022	2023	2024	2025	2026 onwards	Total
Amount	972,000	867,000	1,664,000	3,909,000	3,125,000	2,775,000	8,283,736	21,595,736

### **c) Summary of changes in borrowing**

	Parent Company	Consolidated
<b>At December 31, 2017</b>	<b>18,716,549</b>	<b>18,675,541</b>
Borrowing	2,403,318	2,385,592
Gain or loss on financial instruments	114,126	114,126
Accrued interest	1,098,486	1,068,477
Foreign exchange and monetary variations	2,130,114	2,137,491
Repayments	(4,537,099)	(4,531,056)
Payment of interest	(1,092,418)	(1,067,175)
<b>At December 31, 2018</b>	<b>18,833,076</b>	<b>18,782,996</b>
Borrowing	7,730,850	7,565,728
Gain or loss on financial instruments	194,453	194,453
Accrued interest	630,423	640,490
Foreign exchange and monetary variations	(449,325)	(122,355)
Repayments	(3,499,932)	(3,739,501)
Payment of interest	(549,166)	(539,443)
<b>At June 30, 2019</b>	<b>22,890,379</b>	<b>22,782,368</b>

(A free translation of the original in Portuguese)

## **KLABIN S.A.**

All amounts in thousands of Reais

### **d) Guarantees**

The financing agreements with BNDES are guaranteed by the land, buildings, improvements, machinery, equipment and facilities of the plants in Otacílio Costa (SC), Telêmaco Borba (PR) and Ortigueira (PR), which are the object of the related borrowings and escrow deposits, as well as sureties from the controlling shareholder Klabin Irmãos & Cia.

The financing from Finnvera is guaranteed by the industrial plants in Angatuba (SP), Lages (SC), Piracicaba (SP), Betim (MG), and Goiana (PE).

The financing from IDB is guaranteed by the industrial plants in Correia Pinto (SC), Jundiaí/Distrito Industrial (SP) and Jundiaí/Tijuco Preto (SP).

Export credits, export prepayments, and working capital loans are not collateralized.

### **e) Restrictive covenants**

At the end of the reporting period, the Company and its subsidiaries did not have any financing agreements containing restrictive covenants requiring compliance with financial ratios for the contracted transactions, where non-compliance would automatically accelerate the maturity of the debt.

## **16 DEBENTURES**

### **a) Seventh issue of debentures**

The Company concluded its seventh issue of debentures on June 23, 2014, issuing 55,555,000 simple debentures, with guarantee, combined with a subscription bonus, at the nominal unit value of R\$ 14.40, totaling R\$ 800 million, divided simultaneously into two series of 27,777,500 debentures each.

	Quantity	Unit Value	Total Value (R\$ thousand)	Interest rates	Maturity	Amortization	Interest	Nature	Subscription bonus
1st series	27,777,500	14.40	399,996	IPCA + 7.25%	06/15/2020	Without amortization	Semi-annual	Convertible debt	Yes
2nd series	27,777,500	14.40	399,996	IPCA + 2.50%	06/15/2022	Semi-annual	Semi-annual	Debt	No
	<b>55,555,000</b>		<b>799,992</b>						

(i) First series - The first series debentures mature on June 15, 2020, and have a yield at the Amplified Consumer Price Index (IPCA) + 7.25% per year, with payment of interest on a semi-annual basis, and a grace period of two years, without amortization of the principal. They represent a convertible debt, since they can be utilized at any time until their maturity, at the discretion of the holder, to subscribe and pay-up shares issued by the Company, in the form of Units (comprising one common share and four preferred shares), in the proportion of one Unit for each debenture, through the exercise of the subscription bonus, which will be attributed as an additional benefit to the debenture holders.

(ii) Second series - The second series debentures mature on June 15, 2022, and have a yield of IPCA + 2.50% per year, paid semi-annually, together with the amortization of the principal, and a grace period of two years. This series of debentures is not convertible. Therefore, they are, not linked to the subscription bonus.

Those who acquire the first series are obliged to acquire debentures of the second series. The amount of R\$ 28,503 arising from the subscription bonus on the debentures issued was allocated to equity. The debenture holders have the possibility of converting debentures into units in advance.



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## KLABIN S.A.

All amounts in thousands of Reais

The total of 98.86% of the debentures was subscribed by BNDES and the remaining debentures by other shareholders in the market.

### b) Twelfth issue of debentures

The Company concluded its 12th issue of debentures on April 1, 2019, issuing 100,000 debentures at the nominal unit value of R\$ 10,000, totaling R \$ 1 billion, maturing on March 19, 2029. Semiannual interest of 114.65% of CDI and amortization at the end of the 8th, 9th and 10th year. This transaction has a linked swap contracted with Itaú bank with an asset position of 114.65% of CDI and a liability position of USD 5.40% a.a., as disclosed in Note 15.

	Quantity	Unit Value	Total Value (R\$ thousand)	Interest rates	Maturity	Amortization	Interest	Nature	Subscription bonus
12th issue	100,000	10,000.00	1,000,000	114.65% do CDI	03/19/2029	Annual (8th, 9th and 10th grade)	Semi-annual	Debt	No
	<b>100,000</b>		<b>1,000,000</b>						

### c) Composition of the balance of debentures

	Parent company and consolidated				
	7th issue	12th issue	06/30/2019 Total	7th issue	12/31/2018 Total
<b>Current liabilities</b>					
. Principal	461,498	-	461,498	61,538	61,538
. Interest	162	17,365	17,527	148	148
	<b>461,660</b>	<b>17,365</b>	<b>479,025</b>	<b>61,686</b>	<b>61,686</b>
<b>Non-current liabilities</b>					
. Principal	123,076	1,000,000	1,123,076	553,805	553,805
. Gain / loss on derivative instruments (swap)	-	164,485	164,485	-	-
. Monetary restatement/profit sharing	81,512	-	81,512	75,688	75,688
. Subscription bonus	(28,503)	-	(28,503)	(28,503)	(28,503)
	<b>176,085</b>	<b>1,164,485</b>	<b>1,340,570</b>	<b>600,990</b>	<b>600,990</b>
<b>Total debenture liability</b>	<b>637,745</b>	<b>1,181,850</b>	<b>1,819,595</b>	<b>662,676</b>	<b>662,676</b>
<b>Equity - capital reserve</b>					
. Subscription bonus	28,503	-	28,503	28,503	28,503
	<b>28,503</b>	<b>-</b>	<b>28,503</b>	<b>28,503</b>	<b>28,503</b>
<b>Total</b>	<b>666,248</b>	<b>1,181,850</b>	<b>1,848,098</b>	<b>691,179</b>	<b>691,179</b>

### d) Change to debenture liabilities

	Parent company and Consolidated
<b>At December 31, 2017</b>	<b>873,870</b>
Interest and monetary variations on debentures	91,712
Repayments	(61,538)
Payment of interest	(241,368)
<b>At December 31, 2018</b>	<b>662,676</b>
12th issue	995,000
Gain or loss on financial instruments (SWAP)	164,485
Interest and monetary variations on debentures	59,839
Repayments	(30,769)
Payment of interest	(31,636)
<b>At June 30, 2019</b>	<b>1,819,595</b>

In relation to the 7th Issue Debentures, R\$ 31,636 of interest and R\$ 30,769 of principal were paid in 2019 (R\$ 61,827 of interest and R\$ 61,538 of principal in 2018). Regarding the 6th Issue Debentures, interest of R\$ 179,541 was paid in January 2018.

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## **KLABIN S.A.**

All amounts in thousands of Reais

### **17 TRADE PAYABLES**

	<b>Parent company</b>		<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>	<b>06/30/2019</b>	<b>12/31/2018</b>
Local currency	861,101	867,539	861,302	867,671
Foreign currency	29,132	26,791	54,469	36,081
	<b>890,233</b>	<b>894,330</b>	<b>915,771</b>	<b>903,752</b>

The Company's average payment term to operational suppliers is approximately 47 days (50 days in December 31, 2018). In the case of suppliers of property, plant and equipment, the terms follow the commercial negotiations of each operation; there is no specific average term.

Of the balance of suppliers at June 30, 2019, R\$ 128,553 (R\$ 145,143 as of December 31, 2018) in the parent company and consolidated, correspond to the risk transactions carried out in which there was no material change in the purchasing conditions (payments and prices) with suppliers, remaining as usually practiced in the market. Outstanding risk operations enable suppliers to better manage their cash flow needs, to the detriment of further intensification of business relationships with the Company.

### **18 PROVISION FOR TAX, SOCIAL SECURITY, LABOR AND CIVIL CONTINGENCIES**

#### **a) Provisioned risks**

Based on the individual analysis of lawsuits filed against the Company and its subsidiaries and the opinion of legal counsel, provisions have been constituted and classified in non-current liabilities for expected losses on legal and administrative proceedings considered as probable, as follows:

	<b>06/30/2019</b>			
	<b>Provisioned amount</b>	<b>Restricted judicial deposits</b>	<b>Net liability</b>	<b>Unrestricted judicial deposits</b>
<b>In the parent company:</b>				
<b>Tax:</b>				
. PIS/COFINS	-	-	-	31,016
. ICMS/IPI	-	-	-	21,133
. Income tax/social contribution	(10,588)	3,614	(6,973)	98
. OTHER	(21)	21	-	18,467
	<b>(10,609)</b>	<b>3,635</b>	<b>(6,973)</b>	<b>70,714</b>
Labor	(45,253)	20,519	(24,734)	-
Civil	(9,886)	5,097	(4,789)	-
	<b>(65,748)</b>	<b>29,251</b>	<b>(36,496)</b>	<b>70,714</b>
<b>Subsidiaries:</b>				
Other	-	1,432	1,432	-
<b>Consolidated</b>	<b>(65,748)</b>	<b>30,683</b>	<b>(35,064)</b>	<b>70,714</b>

(A free translation of the original in Portuguese)

## KLABIN S.A.

All amounts in thousands of Reais

	12/31/2018			
In the parent com	Provisioned amount	Restricted judicial deposits	Net liability	Unrestricted judicial deposits
<b>Tax:</b>				
. PIS/COFINS	-	-	-	30,601
. ICMS/IPI	-	-	-	21,133
. Income tax/social contribution	(10,411)	3,614	(6,797)	98
. OTHER	(40)	40	-	4,211
	(10,451)	3,654	(6,797)	56,043
Labor	(43,250)	20,999	(22,251)	-
Civil	(10,417)	4,530	(5,887)	-
	<b>(64,118)</b>	<b>29,183</b>	<b>(34,935)</b>	<b>56,043</b>
<b>Subsidiaries:</b>				
Other	-	1,432	1,432	-
<b>Consolidated</b>	<b>(64,118)</b>	<b>30,615</b>	<b>(33,503)</b>	<b>56,043</b>

### b) Summary of changes to the provisioned amounts

	Consolidated			
	Taxes	Labor	Civil	Net Exposure
<b>At December 31, 2017</b>	-	<b>(26,007)</b>	<b>(10,716)</b>	<b>(36,723)</b>
New lawsuits/increases	(6,797)	(2,606)	(706)	<b>(10,109)</b>
(Provision)/reversals	-	4,131	6,087	<b>10,218</b>
Deposit transactions	-	2,231	880	<b>3,111</b>
<b>At December 31, 2018</b>	<b>(6,797)</b>	<b>(22,251)</b>	<b>(4,455)</b>	<b>(33,503)</b>
New lawsuits/increases	(176)	(2,315)	531	<b>(1,960)</b>
(Provision)/reversals	-	(1,250)	-	<b>(1,250)</b>
Deposit transactions	-	1,082	567	<b>1,649</b>
<b>At June 30, 2019</b>	<b>(6,973)</b>	<b>(24,734)</b>	<b>(3,357)</b>	<b>(35,064)</b>

### c) Provisions for tax, social security, labor and civil contingencies not recognized

At June 30, 2019, the Company and its subsidiaries were parties to other tax, labor and civil litigation involving expected losses evaluated as "possible" (i.e. not probable), totaling approximately: R\$ 3,683,385, R\$ 251,103 and R\$ 88,874, respectively. Based on individual analyses of the disputes and the opinion of the Company's legal counsel, management understands that they do not need to be accounted for, since the likelihood of loss is assessed as only possible.

At June 30, 2019, the Company appeared in the passive pole in several processes, such as:

#### Tax Lawsuits

(i) Tax enforcement action filed by the Office of the Attorney General of the National Treasury to collect debts related to the proceedings concluded at the administrative level, which demands payment of Corporate Income Tax (IRPJ) arising from an alleged undue royalty deduction for the use of trademarks and goodwill on the acquisitions of Klamasa and Igaras. The total amount of this

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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proceeding as of June 30, 2019 is approximately R\$ 1,263,287 (R\$ 972,042 as of December 31, 2018). On the opinion of legal advisors, the likelihood of loss is possible.

(ii) A party to 6 tax enforcement actions filed by the Municipality of Lages, Santa Catarina State, whose purpose is the collection of tax debt relating to Service Tax (ISS) levied on production of packaging with custom prints, from January 2001 to December 2004 and January to December 2010. The total amount of these enforcement actions as of June 30, 2019 is approximately R\$ 838,835 (R\$ 776,207 as of December 31, 2018), with likelihood of loss rated as possible by the legal advisors.

(iii) Administrative proceedings arising from tax assessment and delinquency notices relating to tax debt issued by the Brazilian Internal Revenue Service, the purpose of which is the collection of the 2.6% contribution tax on gross revenue from sale of agricultural produce. The total amount of these administrative proceedings as of June 30, 2019 is approximately R\$ 362,416 (R\$ 289,327 as of December 31, 2018), with likelihood of loss rated as possible by the legal advisors.

(iv) Tax enforcement action filed by the Municipality of Rio de Janeiro, Rio de Janeiro State, with the purpose of collecting alleged debts relating to ISS levied on production of packaging with custom prints, from September 1996 to October 2001. The total amount of this enforcement action as of June 30, 2019 is approximately R\$ 218,402 (R\$ 197,755 as of December 31, 2018), with likelihood of loss rated as possible by the legal advisors.

(v) Administrative proceeding arising from tax delinquency notices, whereby the Brazilian Internal Revenue Service requires adjustment in the Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL) bases, for calendar year 2013, alleging that the company had unduly excluded items due to changes in the exchange rate regime. There was no tax assessment, only the disallowance of income and social contribution tax losses. The total amount of this administrative proceeding as of June 30, 2019 is approximately R\$ 229,990 (R\$ 225,478 as of December 31, 2018), with likelihood of loss rated as possible by the legal advisors.

(vi) Ordinary action intended to remove the restrictions imposed by the tax authorities, considering the offsetting of Contribution Tax on Gross Revenue for Social Integration Program (PIS) and Contribution Tax on Gross Revenue for Social Security Financing (COFINS) amounts unduly paid, pursuant to a rule declared unconstitutional (Law No. 9718/98 - rule that was intended to extend the PIS and COFINS bases). The total amount of this action as of June 30, 2019 is approximately R\$ 117,428 (R\$ 115,521 as of December 31, 2018) with likelihood of loss rated as possible by the legal advisors.

(vii) Tax delinquency notice issued by the Brazilian IRS to collect PIS and COFINS for the periods of July 2012 and December 2012, due to the disallowance of credits relating to inputs used in wood production. The total amount of this notice as of June 30, 2019 is approximately R\$ 114,212 (R\$ 113,357 as of December 31, 2018), with likelihood of loss rated as possible by the legal advisors.

(viii) Disallowance of offsetting due to disagreement on the Social Security Funding Tax (FINSOCIAL) credit restatement criterion conducted in 2017. The total amount of the proceeding as of June 30, 2019 is approximately R\$ 113,700 (citation began on June 29, 2019).

**Civil Lawsuits**

(i) Public Civil Action brought in 2009 by the Environmental Fishermen's Association of Paraná State (APAP), in view of alleged damages to Rio Tibagi (Paraná State), due to disposal of coke residue used by the Company until 1998. Despite the lack of evidence of environmental damage, in December 2015, a decision unfavorable to the Company was handed down, condemning the Company to remove the

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

coke deposited on the riverbed. Currently, the process is in the award calculation phase, and the obligation amount will be stipulated after this phase is completed.

### **Labor Lawsuits**

These claims are mainly related to overtime, night shift premium, pain and suffering, property damage, life annuity, and health hazard allowance and hazardous duty pay, as well as indemnification and joint liability of third parties. No individual claim is material enough to materially and adversely impact the Company's P&L.

#### **d) Lawsuits filed by the Company**

As of June 30, 2019, the Company was a party to lawsuits filed by it, for which no amounts are recognized in its Quarterly Information, and the assets are recognized only after a final and unappealable decision is handed down and success is definitely certain.

In the opinion of its legal advisors, the likelihood of success in certain lawsuits is "probable".

(i) After the Federal Supreme Court (STF) deemed the inclusion of State VAT (ICMS) in the PIS and COFINS bases unconstitutional in 2017, court decisions for lawsuits relating to this matter have favored taxpayers. The Company filed an ordinary action in 2007 addressing the repetition of tax debts. This lawsuit already has a favorable ruling of the Regional Federal Court (TRF) of the 3rd region, and the appeals filed by the Federal Government have been denied. The Company is awaiting a final and unappealable decision. Any proceeds from this lawsuit are contingent on their restatement by calculating all periods involved and not barred by statute of limitations.

#### **e) Tax Recovery Program (REFIS)**

As announced to the market on June 28, 2019, the Company opted to prepay its REFIS debt maturing in 2029 in the amount of R\$ 316,379. The early settlement of REFIS is part of the Company's active debt management process. The REFIS balance was represented by its fair value in the Company's balance sheet, corresponding to the balance due for early settlement.

With its settlement, in addition to the cash effect of R\$ 316,379 with the advance payment of REFIS, its adjustment to fair value was reversed in the financial result, as well as the reversal of the fine and interest, both in the corresponding amount, but with the opposite effect, without changing the Company's net income.

The REFIS balance payable recorded in the parent company and consolidated totaled R\$ 339,449 as of December 31, 2018, of which R\$ 73,862 is recorded in the short term and R\$ 265,587 in the long term.

## **19 EQUITY**

### **a) Share capital**

The Company's subscribed and paid-up capital at June 30, 2019 comprises 5,409,801,840 shares (5,409,801,840 at December 31, 2018), without par value, corresponding to R\$4,076,035 (R\$4,076,035 at December 31, 2018), held as follows:

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## KLABIN S.A.

All amounts in thousands of Reais

<u>Stockholders</u>	<u>06/30/2019</u>		<u>12/31/2018</u>	
	<u>Common shares</u>	<u>Preferred shares</u>	<u>Common shares</u>	<u>Preferred shares</u>
Klabin Irmãos & Cia	941,837,080	-	941,837,080	-
Niblak Participações S/A	142,023,010	-	142,023,010	-
The Bank of New York Departament	61,367,914	245,471,656	60,376,060	241,504,240
Monteiro Aranha S/A	69,691,542	278,797,618	71,356,189	285,456,206
BNDESPAR	56,259,848	225,039,392	56,259,848	225,039,392
BlackRock, Inc	49,492,619	197,970,476	46,610,152	186,440,608
Treasury shares	27,917,134	111,668,536	29,318,686	117,274,744
Other	636,005,508	2,366,259,507	636,813,630	2,369,491,995
	<b>1,984,594,655</b>	<b>3,425,207,185</b>	<b>1,984,594,655</b>	<b>3,425,207,185</b>

Besides common and preferred registered shares, the Company negotiates certificates of deposit of shares, referred to as Units, each corresponding to one common share (ON) and four preferred shares (PN).

The Company's authorized capital comprises 5,600,000,000 common shares (ON) and/or preferred shares (PN) approved at the Extraordinary General Meeting held on March 20, 2014.

### b) Treasury shares

The Company maintained 139,585,670 shares of its own issue in treasury at June 30, 2019, corresponding to 27,917,134 Units. The price on the São Paulo Stock Exchange was R\$ 16.35 per Unit at June 30, 2019 (code KLBN11 - BM&FBovespa).

In accordance with the stock option plan described in Note 23, granted as long-term remuneration to the Company's executives, 3,503,880 treasury shares were sold in February 2018, corresponding to 875,970 Units. The right to use 3,503,880 shares, corresponding to 875,970 "Units" was also granted. The amount was derecognized from the treasury share account.

### c) Carrying value adjustments

Created by Law 11,638/07, the group "Carrying value adjustments" in the Company's equity comprises adjustments for increases and decreases in assets and liabilities, when applicable.

The balance maintained by the Company corresponds to: the adoption of the deemed cost of property, plant and equipment for forestry land; an option exercised on the initial adoption of the new accounting pronouncements for convergence with IFRS, at January 1, 2009; the foreign exchange variations of the subsidiaries abroad with functional currencies different to the parent company; balances relating to the stock option plan granted to executives (Note 23); and actuarial liability restatements.

	<u>Controladora e consolidado</u>	
	<u>06/30/2019</u>	<u>12/31/2018</u>
Deemed cost of property, plant and equipment (land) (i)	1,057,752	1,057,752
Foreign exchange variations - subsidiaries abroad	(76,732)	(72,362)
Stock option plan	437	2,952
Actuarial liability (i)	(9,219)	(11,220)
	<b>972,238</b>	<b>977,122</b>

(i) Net of corresponding deferred taxes, when applicable, at the rate of 34%

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

Foreign exchange variations - subsidiaries abroad will be transferred to profit or loss only in case of alienating or closing of the investee. The other items, due to its nature and force of accounting standard, will never be transferred to profit or loss, even in case of their financial realization.

### **d) Dividends/Interest on equity**

Dividends/Interest on Equity represent a portion of the profits earned by the Company, which are distributed to the shareholders as remuneration of invested capital in the fiscal year. All shareholders are entitled to receive dividends proportionately to their ownership interest, as guaranteed by the Brazilian corporate legislation and the Company's bylaws. The bylaws also determine that management has the option to prepay interim dividends during the year, "ad referendum" of the Ordinary General Meeting held to consider the accounts for the year.

The interest on shareholders' equity, for purposes of complying with the tax rules, is recorded as a contra entry to the item "Financial expenses." For purposes of preparation of this quarterly information, they are reversed from the income statement against retained earnings, comprising the balance of mandatory minimum dividend, as per CVM instruction.

The basis of the calculation of the mandatory dividends, defined in the Company's bylaws, is adjusted in accordance with the constitution, realization and reversal, during the year, of the biological assets reserve, and entitles the Company's shareholders to receive, every year, a mandatory minimum dividend of 25% of the annual adjusted profit. Additionally, the Company is entitled to distribute dividends/interest on equity with balances of "Profit Reserves" held in Shareholders' Equity.

In the six-month period ended June 30, 2019, interim dividends equivalent to R\$ 221,000 were distributed and effectively paid as follows:

Event	Date approved	Description	Initial date of payment	Type of share	Amount per thousand	Origin	Total distributed
Extraordinary General Meeting of Stockholders	02/06/2019	Dividend	02/25/2019	Common and Preferred "Units"	R\$3.80 R\$19.00	Interim dividends	R\$ 20,000
Extraordinary General Meeting of Stockholders	04/30/2019	Dividend	05/17/2019	Common and Preferred "Units"	R\$38.14 R\$190.69	Interim dividends	R\$ 201,000

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# **KLABIN S.A.**

All amounts in thousands of Reais

## **20 NET SALES REVENUE**

The Company's net sales revenue is composed as follows:

	Parent company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
Gross sales revenue	2,964,176	5,822,170	2,590,970	5,095,622
Discounts and rebates	(22,559)	(53,559)	(24,140)	(40,401)
Taxes on sales	(372,060)	(725,264)	(311,961)	(620,641)
	<b>2,569,557</b>	<b>5,043,347</b>	<b>2,254,869</b>	<b>4,434,580</b>
. Domestic market	1,492,558	2,917,880	1,281,836	2,563,757
. Foreign market	1,076,999	2,125,467	973,033	1,870,823
<b>Net sales revenue</b>	<b>2,569,557</b>	<b>5,043,347</b>	<b>2,254,869</b>	<b>4,434,580</b>

	Consolidated			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
Gross sales revenue	3,004,021	5,883,286	2,586,862	5,110,044
Discounts and rebates	(29,602)	(63,428)	(30,796)	(48,427)
Taxes on sales	(374,600)	(730,015)	(320,888)	(637,285)
	<b>2,599,819</b>	<b>5,089,843</b>	<b>2,235,178</b>	<b>4,424,332</b>
. Domestic market	1,500,514	2,934,006	1,279,503	2,569,116
. Foreign market	1,099,305	2,155,837	955,675	1,855,216
<b>Net sales revenue</b>	<b>2,599,819</b>	<b>5,089,843</b>	<b>2,235,178</b>	<b>4,424,332</b>



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# **KLABIN S.A.**

All amounts in thousands of Reais

## **21 COSTS, EXPENSES AND OTHER INCOME, BY NATURE**

	Parent company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b><u>Cost of products sold</u></b>				
Variable costs (raw materials and consumables)	(730,721)	(1,459,964)	(686,504)	(1,335,343)
Personnel	(304,732)	(593,497)	(303,188)	(594,811)
Depreciation and amortization	(257,021)	(499,479)	(232,899)	(488,127)
Depletion	(236,180)	(376,743)	(121,736)	(280,646)
Other	(339,447)	(525,022)	(126,996)	(332,782)
	<b>(1,868,101)</b>	<b>(3,454,705)</b>	<b>(1,471,323)</b>	<b>(3,031,709)</b>
<b><u>Sales expenses</u></b>				
Freight	(143,934)	(267,752)	(105,999)	(212,034)
Royalties	(13,846)	(26,694)	(12,226)	(24,537)
Commissions	(3,702)	(6,637)	(3,107)	(6,600)
Personnel	(24,180)	(45,446)	(23,901)	(46,986)
Depreciation and amortization	(898)	(1,899)	(359)	(672)
Storage and port expenses	(18,688)	(35,439)	(7,752)	(27,176)
Other	(266)	(6,278)	(14,272)	(16,491)
	<b>(205,514)</b>	<b>(390,145)</b>	<b>(167,616)</b>	<b>(334,496)</b>
<b><u>General and administrative expenses</u></b>				
Personnel	(90,550)	(165,816)	(73,229)	(141,781)
Services contracted	(35,510)	(66,241)	(33,484)	(65,371)
Depreciation, amortization and depletion	(11,416)	(23,372)	(8,435)	(17,093)
Other	(17,013)	(33,227)	(13,696)	(27,685)
	<b>(154,489)</b>	<b>(288,656)</b>	<b>(128,844)</b>	<b>(251,930)</b>
<b><u>Other net</u></b>				
Revenue from sales of prop, plant and equipment	24	401	324	563
Cost of sales and write-offs of prop, plant and equip.	(3,704)	(4,528)	(2,958)	(3,622)
Other	63,163	63,817	453	(14,833)
	<b>59,483</b>	<b>59,690</b>	<b>(2,181)</b>	<b>(17,892)</b>
<b>Total</b>	<b>(2,168,621)</b>	<b>(4,073,816)</b>	<b>(1,769,964)</b>	<b>(3,636,027)</b>

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## KLABIN S.A.

All amounts in thousands of Reais

	Consolidated			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b><u>Cost of products sold</u></b>				
Variable costs (raw materials and consumables)	(708,254)	(1,420,526)	(666,216)	(1,300,972)
Personnel	(307,810)	(599,492)	(306,250)	(600,819)
Depreciation and amortization	(262,266)	(509,672)	(242,707)	(498,089)
Depletion	(265,829)	(439,769)	(153,867)	(329,910)
Other	(326,072)	(494,714)	(82,292)	(279,195)
	<b>(1,870,231)</b>	<b>(3,464,173)</b>	<b>(1,451,332)</b>	<b>(3,008,985)</b>
<b><u>Sales expenses</u></b>				
Freight	(147,397)	(274,207)	(108,636)	(217,181)
Royalties	(13,846)	(26,694)	(12,226)	(24,537)
Commissions	(6,041)	(10,893)	(4,158)	(8,555)
Personnel	(24,424)	(45,905)	(24,143)	(47,461)
Depreciation and amortization	(916)	(1,937)	(367)	(686)
Storage and port expenses	(23,026)	(40,628)	(10,761)	(32,686)
Other	2,256	(2,855)	(12,367)	(12,465)
	<b>(213,394)</b>	<b>(403,119)</b>	<b>(172,658)</b>	<b>(343,571)</b>
<b><u>General and administrative expenses</u></b>				
Personnel	(91,465)	(167,491)	(73,969)	(143,213)
Services contracted	(35,869)	(66,910)	(33,822)	(66,031)
Depreciation, amortization and depletion	(11,649)	(23,849)	(8,607)	(17,442)
Other	(20,520)	(39,722)	(15,761)	(31,813)
	<b>(159,503)</b>	<b>(297,972)</b>	<b>(132,159)</b>	<b>(258,499)</b>
<b><u>Other net</u></b>				
Revenue from sales of prop, plant and equipment	24	401	324	563
Cost of sales and write-offs of prop, plant and equip.	(3,704)	(4,528)	(2,958)	(3,622)
Other	63,571	66,172	2,174	(12,667)
	<b>59,891</b>	<b>62,045</b>	<b>(460)</b>	<b>(15,726)</b>
<b>Total</b>	<b>(2,183,237)</b>	<b>(4,103,219)</b>	<b>(1,756,609)</b>	<b>(3,626,781)</b>

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## KLABIN S.A.

All amounts in thousands of Reais

### 22 FINANCE RESULT

	Parent company			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b><u>Finance income</u></b>				
. Income from financial investments	149,101	245,101	78,140	183,672
. Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on interest income	(8,056)	(14,417)	(3,921)	(10,292)
. Update of tax credits	3,943	51,669	77,477	105,229
. Other (i)	21,593	20,727	2,879	8,508
	<b>166,581</b>	<b>303,080</b>	<b>154,575</b>	<b>287,117</b>
<b><u>Finance costs</u></b>				
. Interest on borrowing and debentures	(398,803)	(707,828)	(300,972)	(568,270)
. Interest on REFIS (i)	(67,220)	(74,437)	(7,550)	(18,798)
. Derivative financial instruments (SWAP)	(188,239)	(348,549)	-	-
. Loan guarantees from related parties	(6,381)	(12,907)	(7,273)	(14,504)
. Commissions	(42,380)	(106,473)	(8,773)	(60,227)
. Other	(14,935)	(21,728)	(4,705)	(9,917)
	<b>(717,958)</b>	<b>(1,271,922)</b>	<b>(329,273)</b>	<b>(671,716)</b>
<b><u>Exchange variations</u></b>				
. Foreign exchange variations on assets	(1,885)	5,576	161,310	154,330
. Foreign exchange variations on liabilities	215,279	183,524	(2,012,722)	(2,058,663)
	<b>213,394</b>	<b>189,100</b>	<b>(1,851,412)</b>	<b>(1,904,333)</b>
<b>Finance result</b>	<b>(337,983)</b>	<b>(779,742)</b>	<b>(2,026,110)</b>	<b>(2,288,932)</b>
	<b>Consolidated</b>			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
<b><u>Finance income</u></b>				
. Income from financial investments	156,576	256,430	80,994	189,696
. Social Integration Program (PIS)/Social Contribution on Revenue (COFINS) on interest income	(8,056)	(14,417)	(3,921)	(10,292)
. Update of tax credits	3,943	51,669	77,477	105,229
. Other (i)	21,599	20,733	80,357	113,738
	<b>174,062</b>	<b>314,415</b>	<b>157,430</b>	<b>293,142</b>
<b><u>Finance costs</u></b>				
. Interest on borrowing and debentures	(366,116)	(666,112)	(288,680)	(551,454)
. Interest on REFIS (i)	(67,220)	(74,437)	(7,550)	(18,798)
. Derivative financial instruments (SWAP)	(188,239)	(348,549)	-	-
. Loan guarantees from related parties	(6,381)	(12,907)	(7,273)	(14,504)
. Investor Compensation - SCPs	(7,709)	(13,418)	(8,846)	(16,141)
. Commissions	(89,409)	(155,028)	(10,730)	(64,588)
. Other	511	(25,952)	(3,227)	(6,449)
	<b>(724,563)</b>	<b>(1,296,403)</b>	<b>(326,306)</b>	<b>(671,934)</b>
<b><u>Exchange variations</u></b>				
. Foreign exchange variations on assets	5,429	12,128	160,139	154,122
. Foreign exchange variations on liabilities	205,137	179,763	(2,002,902)	(2,049,145)
	<b>210,566</b>	<b>191,891</b>	<b>(1,842,763)</b>	<b>(1,895,023)</b>
<b>Finance result</b>	<b>(339,935)</b>	<b>(790,097)</b>	<b>(2,011,639)</b>	<b>(2,273,815)</b>

(i) See Note 18.

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## **KLABIN S.A.**

All amounts in thousands of Reais

### **23 STOCK OPTION PLAN**

The Extraordinary General Meeting of Shareholders held on July 10, 2012 approved the stock option plan as a benefit for the members of the Executive Board and the Company's key personnel.

CVM authorized the Company, through Circular Letter/CVM/SEP/GEA-2/221/2012, to realize private transactions included in the incentive plan for its directors and employees, except for the controlling shareholders, through the private transfer of treasury shares.

Pursuant to this Plan, the Company established that statutory and non-statutory officers may use a percentage of 25% to 70%, managers from 15% to 25% and other employees in the position of coordinators and consultants of 5% to 10% of its variable remuneration for the acquisition of treasury shares and the Company will grant the right of use of the same amount of shares to the acquirer for three years under a granting regime, and its ownership of the shares will be transferred to them after 3 years, the clauses established in the Plan.

The right of use grants the participants the right to dividends distributed in the period during which the benefit is valid.

The acquisition price of treasury shares by the participants of the plan is calculated based on the lower of the average of the market value quotations in the last 60 trading sessions of the Company's shares and their quotation on the acquisition date. The value of shares granted with right of use corresponds to the quotation of shares traded on BM&FBOVESPA on the transaction date.

The clauses that grant the transfer of shares after three years require the participants of the stock option plan to remain in employment in the Company and stipulate that the shares acquired on enrollment in the plan may not be sold during this period. The shares granted can be immediately assigned in the case of the termination of employment by the Company, or the retirement or death of the beneficiary, in which case the right to the shares becomes part of the estate of the deceased.

The shares granted and the expense proportional to the grant term, recorded in profit and loss, is accumulated in equity in the "Carrying value adjustments" group, up to the end of the grant, which may occur due to the three-year maturity or any other clause of the plan that may terminate the grant.

The table below presents information about the agreed-upon plans:

#### **a) Statutory and non-statutory Board Members**

	<b>Plan 2014 (ii)</b>	<b>Plan 2015 (ii)</b>	<b>Plan 2016</b>	<b>Plan 2017</b>	<b>Plan 2018</b>	<b>Total</b>
Start of the plan	03/01/2015	03/01/2016	02/24/2017	02/28/2018	02/28/2019	
Final grant date	03/01/2018	03/01/2019	02/24/2020	02/28/2021	02/28/2022	
Treasury shares acquired by the beneficiaries (i)	1,855,000	1,475,000	2,774,345	2,039,185	1,146,395	9,289,925
Purchase value per share (R\$) (i)	2.84	4.23	3.04	3.58	6.71	
Treasury shares granted with right to use (i)	1,855,000	1,475,000	2,774,345	2,039,185	1,146,395	9,289,925
Value of the right to use per share (R\$) (i)	3.26	4.30	3.04	3.58	6.71	
Accumulated plan expenses - from the beginning	6,047	6,311	7,328	3,289	445	23,420
Expenses of the plan - 1/1 to 06/30/2019	-	165	621	1,248	445	2,479
Expenses of the plan - 1/1 to 06/30/2018	138	481	610	816	-	2,045

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## KLABIN S.A.

All amounts in thousands of Reais

### b) Managers

	Plan 2014 (ii)	Plan 2015 (ii)	Plan 2016	Plan 2017	Plan 2018	Total
Start of the plan	04/30/2015	03/30/2016	02/24/2017	02/28/2018	02/28/2019	
Final grant date	04/30/2018	03/30/2019	02/24/2020	02/28/2021	02/28/2022	
Treasury shares acquired by the beneficiaries (i)	-	-	1,531,400	1,616,585	1,809,185	4,957,170
Purchase value per share (R\$) (i)	-	-	3.04	3.58	6.71	
Treasury shares granted with right to use (i)	372,500	351,000	1,531,400	1,616,585	1,809,185	5,680,670
Value of the right to use per share (R\$) (i)	3.36	4.34	3.04	3.58	6.71	
Accumulated plan expenses - from the beginning	1,371	1,521	3,557	2,563	706	9,718
Expenses of the plan - 1/1 to 06/30/2019	-	69	752	965	706	2,492
Expenses of the plan - 1/1 to 06/30/2018	150	210	759	647	-	1,766

### c) Other employees

	Plan 2018	Total
Start of the plan	02/28/2019	
Final grant date	02/28/2022	
Treasury shares acquired by the beneficiaries (i)	548,300	548,300
Purchase value per share (R\$) (i)	6.71	
Treasury shares granted with right to use (i)	548,300	548,300
Value of the right to use per share (R\$) (i)	6.71	
Accumulated plan expenses - from the beginning	214	214
Expenses of the plan - 1/1 to 06/30/2019	214	214
Expenses of the plan - 1/1 to 06/30/2018	-	-

(i) Considers the stock split mentioned in Note 1, financial statements at December 31, 2015

(ii) Plan terminated.

## 24 EARNINGS (LOSS) PER SHARE

Basic earnings per share are calculated by dividing the profit or loss for the period attributable to holders of the Company's common and preferred shares by the weighted average number of common and preferred shares available during the year. The Company has debentures mandatorily convertible into shares (see Note 16) recorded in equity - therefore, the future conversion of the debentures into the total amount of shares is already reflected in the weighted average number of shares used for calculation purposes.

The shares from the future conversion of the seventh issue of debentures (Note 16) were not considered in the calculation because such conversion does not have a dilutive effect.

Therefore, the diluted earnings per share are equal to the basic earnings per share. The Company does not have any other instrument that may have a dilutive effect.

As mentioned in Note 19, the changes in the balance of treasury shares affect the weighted average number of preferred shares held in treasury in the calculation for the six-month period ended June 30, 2019, being the weighted average used in the calculation of earnings per share was determined as follows:

Weighted average number of treasury shares - June 30, 2019 (i)			
Jan to Feb	Mar to Jun	6 Months 2019	
146,593,430 x 2/6	+ 139,585,670 x 4/6	=	141,921,590

(i) Because the Company only has Units held in treasury, the distribution between common and preferred shares is made according to the composition of the Units.

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## **KLABIN S.A.**

All amounts in thousands of Reais

The table below, presented in R\$ or number of shares, as applicable, reconciles the profit or loss for the six-month period ending June 30, 2019 and 2018 with the amounts used in the calculation of basic and diluted earnings per share:

	Parent company and Consolidated		
	From 1/1 to 06/30/2019		
	Common (ON)	Preferred (PN)	Total
<b><u>Denominator</u></b>			
Total weighted average number of shares	1,984,594,655	3,425,207,185	5,409,801,840
Weighted average number of treasury shares	(28,384,318)	(113,537,272)	(141,921,590)
Weighted average number of outstanding shares	<b>1,956,210,337</b>	<b>3,311,669,913</b>	<b>5,267,880,250</b>
% of shares in relation to the total	<b>37.13%</b>	<b>62.87%</b>	<b>100%</b>
<b><u>Numerator</u></b>			
Earnings attributable to each class of shares (R\$)	<b>(48,509,400)</b>	<b>(82,121,600)</b>	<b>(130,631,000)</b>
Weighted average number of outstanding shares	<b>1,956,210,337</b>	<b>3,311,669,913</b>	<b>5,267,880,250</b>
<b>Basic and diluted earnings per share (R\$)</b>	<b>(0.0248)</b>	<b>(0.0248)</b>	

	Parent company and Consolidated		
	From 1/1 to 06/30/2018		
	Ordinárias (ON)	Preferenciais (PN)	Total
<b><u>Denominator</u></b>			
Total weighted average number of shares	1,984,594,655	3,425,207,181	5,409,801,836
Weighted average number of treasury shares	(29,544,265)	(118,177,058)	(147,721,323)
Weighted average number of outstanding shares	<b>1,955,050,390</b>	<b>3,307,030,123</b>	<b>5,262,080,513</b>
% of shares in relation to the total	<b>37.15%</b>	<b>62.85%</b>	<b>100%</b>
<b><u>Numerator</u></b>			
Earnings attributable to each class of shares (R\$)	<b>(308,366,769)</b>	<b>(521,612,231)</b>	<b>(829,979,000)</b>
Weighted average number of outstanding shares	<b>1,955,050,390</b>	<b>3,307,030,123</b>	<b>5,262,080,513</b>
<b>Basic and diluted earnings per share (R\$)</b>	<b>(0.1577)</b>	<b>(0.1577)</b>	

## **25 OPERATING SEGMENTS**

### **a) Criteria for identification of operating segments**

The Company's operating structure is divided into segments according to the manner in which management manages the business. The operating segments defined by management are as follows:

(i) Forestry segment: involves operations relating to planting and growing pine and eucalyptus trees to supply the Company's plants. Also involves selling timber (logs) to third parties in the domestic market.

(ii) Paper segment: mainly involves the production and sale of cardboard, kraftliner and recycled paper rolls in the domestic and foreign markets

(iii) Conversion segment: involves the production and sale of corrugated cardboard boxes, corrugated cardboard and industrial sacks in the domestic and foreign markets.

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## KLABIN S.A.

All amounts in thousands of Reais

(iv) Pulp segment: include the production and sale of short fiber bleached pulp, long fiber bleached pulp, and fluff pulp in the domestic and foreign markets.

### b) Consolidated information about operating segments

	From 1/1 to 03/31/2019					
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	135,694	892,244	1,270,394	640,600	(4,926)	2,934,006
.Foreign market	-	749,284	162,823	1,243,730	-	2,155,837
<b>Revenue from sales to third parties</b>	<b>135,694</b>	<b>1,641,528</b>	<b>1,433,217</b>	<b>1,884,330</b>	<b>(4,926)</b>	<b>5,089,843</b>
Revenue between segments	745,764	776,578	11,481	52,350	(1,586,173)	-
<b>Total net sales</b>	<b>881,458</b>	<b>2,418,106</b>	<b>1,444,698</b>	<b>1,936,680</b>	<b>(1,591,099)</b>	<b>5,089,843</b>
Changes in the fair value of biological assets	(17,200)	-	-	-	-	(17,200)
Cost of products sold	(1,175,218)	(1,787,245)	(1,233,568)	(882,397)	1,614,255	(3,464,173)
<b>Gross profit</b>	<b>(310,960)</b>	<b>630,861</b>	<b>211,130</b>	<b>1,054,283</b>	<b>23,156</b>	<b>1,608,470</b>
Operating income (expenses)	(60,163)	(241,266)	(186,461)	(172,304)	24,921	(635,273)
<b>Operating result before finance result</b>	<b>(371,123)</b>	<b>389,595</b>	<b>24,669</b>	<b>881,979</b>	<b>48,077</b>	<b>973,197</b>
<b>Sales of products (in metric tons)</b>						
.Domestic market	-	270,563	340,469	225,389	-	836,421
.Foreign market	-	235,760	29,791	498,409	-	763,960
.Inter-segmental	-	403,404	1,642	17,703	(422,749)	-
	-	<b>909,727</b>	<b>371,902</b>	<b>741,501</b>	<b>(422,749)</b>	<b>1,600,381</b>
<b>Sales of timber (in metric tons)</b>						
.Domestic market	900,855	-	-	-	-	900,855
.Inter-segmental	6,554,762	-	-	-	(6,554,762)	-
	<b>7,455,617</b>	-	-	-	<b>(6,554,762)</b>	<b>900,855</b>
<b>Investments during the period</b>	<b>255,205</b>	<b>181,689</b>	<b>33,201</b>	<b>375,439</b>	<b>31,961</b>	<b>877,495</b>
<b>Depreciation, depletion and amortization</b>	<b>(488,313)</b>	<b>(170,642)</b>	<b>(44,174)</b>	<b>(256,701)</b>	<b>(15,397)</b>	<b>(975,227)</b>
<b>Total assets - 06/30/2019</b>	<b>8,338,637</b>	<b>4,849,972</b>	<b>1,895,963</b>	<b>8,049,547</b>	<b>11,164,085</b>	<b>34,298,204</b>
<b>Total liabilities - 06/30/2019</b>	<b>2,211,434</b>	<b>808,548</b>	<b>366,467</b>	<b>344,876</b>	<b>24,363,439</b>	<b>28,094,764</b>
<b>Equity - 06/30/2019</b>	<b>5,879,488</b>	<b>4,041,424</b>	<b>1,529,496</b>	<b>7,704,671</b>	<b>(13,199,354)</b>	<b>5,955,725</b>
<b>Non-controlling shareholders</b>	<b>247,715</b>	-	-	-	-	<b>247,715</b>
<b>From 4/1 to 03/31/2019</b>						
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	68,743	441,872	636,624	354,567	(1,292)	1,500,514
.Foreign market	-	400,548	92,199	606,558	-	1,099,305
<b>Revenue from sales to third parties</b>	<b>68,743</b>	<b>842,420</b>	<b>728,823</b>	<b>961,125</b>	<b>(1,292)</b>	<b>2,599,819</b>
Revenue between segments	358,217	405,212	5,634	29,157	(798,220)	-
<b>Total net sales</b>	<b>426,960</b>	<b>1,247,632</b>	<b>734,457</b>	<b>990,282</b>	<b>(799,512)</b>	<b>2,599,819</b>
Changes in the fair value of biological assets	21,050	-	-	-	-	21,050
Cost of products sold	(631,248)	(971,232)	(620,955)	(467,942)	821,146	(1,870,231)
<b>Gross profit</b>	<b>(183,238)</b>	<b>276,400</b>	<b>113,502</b>	<b>522,340</b>	<b>21,634</b>	<b>750,638</b>
Operating income (expenses)	(31,872)	(124,247)	(96,509)	(97,221)	38,871	(310,978)
<b>Operating result before finance result</b>	<b>(215,110)</b>	<b>152,153</b>	<b>16,993</b>	<b>425,119</b>	<b>60,505</b>	<b>439,660</b>
<b>Sales of products (in metric tons)</b>						
.Domestic market	-	133,539	170,647	127,143	-	431,329
.Foreign market	-	125,273	16,866	244,219	-	386,358
.Inter-segmental	-	208,744	811	10,734	(220,289)	-
	-	<b>467,556</b>	<b>188,324</b>	<b>382,096</b>	<b>(220,289)</b>	<b>817,687</b>
<b>Sales of timber (in metric tons)</b>						
.Domestic market	453,608	-	-	-	-	453,608
.Inter-segmental	3,147,248	-	-	-	(3,147,248)	-
	<b>3,600,856</b>	-	-	-	<b>(3,147,248)</b>	<b>453,608</b>
<b>Investments during the period</b>	<b>137,682</b>	<b>83,255</b>	<b>8,749</b>	<b>335,798</b>	<b>15,149</b>	<b>580,633</b>
<b>Depreciation, depletion and amortization</b>	<b>(287,899)</b>	<b>(89,007)</b>	<b>(21,741)</b>	<b>(133,504)</b>	<b>(8,509)</b>	<b>(540,660)</b>

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**KLABIN S.A.**  
All amounts in thousands of Reais

	From 1/1 to 06/30/2018					
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	157,536	821,812	1,227,968	364,969	(3,169)	2,569,116
.Foreign market	-	645,262	135,139	1,074,815	-	1,855,216
<b>Revenue from sales to third parties</b>	<b>157,536</b>	<b>1,467,074</b>	<b>1,363,107</b>	<b>1,439,784</b>	<b>(3,169)</b>	<b>4,424,332</b>
Revenue between segments	663,821	687,457	9,840	34,183	(1,395,301)	-
<b>Total net sales</b>	<b>821,357</b>	<b>2,154,531</b>	<b>1,372,947</b>	<b>1,473,967</b>	<b>(1,398,470)</b>	<b>4,424,332</b>
Changes in the fair value of biological assets	188,258	-	-	-	-	188,258
Cost of products sold	(981,744)	(1,402,306)	(1,180,939)	(846,422)	1,402,426	(3,008,985)
<b>Gross profit</b>	<b>27,871</b>	<b>752,225</b>	<b>192,008</b>	<b>627,545</b>	<b>3,956</b>	<b>1,603,605</b>
Operating income (expenses)	(55,051)	(208,587)	(173,917)	(178,384)	1,534	(614,405)
<b>Operating result before finance result</b>	<b>(27,180)</b>	<b>543,638</b>	<b>18,091</b>	<b>449,161</b>	<b>5,490</b>	<b>989,200</b>
<b><u>Sales of products (in metric tons)</u></b>						
.Domestic market	-	268,305	349,941	140,883	-	759,129
.Foreign market	-	222,797	26,352	465,746	-	714,895
.Inter-segmental	-	385,057	1,497	13,494	(400,048)	-
	-	<b>876,159</b>	<b>377,790</b>	<b>620,123</b>	<b>(400,048)</b>	<b>1,474,024</b>
<b><u>Sales of timber (in metric tons)</u></b>						
.Domestic market	1,086,560	-	-	-	-	1,086,560
.Inter-segmental	6,341,918	-	-	-	(6,341,918)	-
	<b>7,428,478</b>	-	-	-	<b>(6,341,918)</b>	<b>1,086,560</b>
<b>Investments during the period</b>	172,302	78,035	74,046	82,919	15,799	423,101
<b>Depreciation, depletion and amortization</b>	(367,973)	(154,174)	(34,510)	(281,261)	(8,209)	(846,127)
<b>Total assets - 06/30/2018</b>	7,402,602	5,164,669	1,769,487	7,751,376	6,748,711	28,836,845
<b>Total liabilities - 06/30/2018</b>	1,865,097	475,282	356,700	269,948	19,777,153	22,744,180
<b>Equity - 06/30/2018</b>	5,537,505	4,689,387	1,412,787	7,481,428	(13,028,442)	6,092,665
	From 4/1 to 06/30/2018					
	Forestry	Paper	Conversion	Pulp	Corporate/ eliminations	Total Consolidated
Net revenue:						
.Domestic market	79,420	403,282	611,503	187,161	(1,863)	1,279,503
.Foreign market	-	313,374	75,214	567,087	-	955,675
<b>Revenue from sales to third parties</b>	<b>79,420</b>	<b>716,656</b>	<b>686,717</b>	<b>754,248</b>	<b>(1,863)</b>	<b>2,235,178</b>
Revenue between segments	330,388	336,548	4,369	18,814	(690,119)	-
<b>Total net sales</b>	<b>409,808</b>	<b>1,053,204</b>	<b>691,086</b>	<b>773,062</b>	<b>(691,982)</b>	<b>2,235,178</b>
Changes in the fair value of biological assets	69,105	-	-	-	-	69,105
Cost of products sold	(494,903)	(679,621)	(590,788)	(384,026)	698,006	(1,451,332)
<b>Gross profit</b>	<b>(15,990)</b>	<b>373,583</b>	<b>100,298</b>	<b>389,036</b>	<b>6,024</b>	<b>852,951</b>
Operating income (expenses)	(29,037)	(107,269)	(89,391)	(84,659)	6,841	(303,515)
<b>Operating result before finance result</b>	<b>(45,027)</b>	<b>266,314</b>	<b>10,907</b>	<b>304,377</b>	<b>12,865</b>	<b>549,436</b>
<b><u>Sales of products (in metric tons)</u></b>						
.Domestic market	-	130,764	173,242	68,432	-	372,438
.Foreign market	-	101,047	13,982	225,366	-	340,395
.Inter-segmental	-	186,774	677	7,450	(194,901)	-
	-	<b>418,585</b>	<b>187,901</b>	<b>301,248</b>	<b>(194,901)</b>	<b>712,833</b>
<b><u>Sales of timber (in metric tons)</u></b>						
.Domestic market	530,915	-	-	-	-	530,915
.Inter-segmental	3,157,987	-	-	-	(3,157,987)	-
	<b>3,688,902</b>	-	-	-	<b>(3,157,987)</b>	<b>530,915</b>
<b>Investments during the period</b>	82,260	32,439	14,491	56,548	6,998	192,736
<b>Depreciation, depletion and amortization</b>	(172,277)	(81,882)	(17,468)	(129,786)	(4,135)	(405,548)

The balance in the Corporate/eliminations column refers to the corporate unit's expenses not apportioned among the segments, and eliminations refer to adjustments of operations between the segments.



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## **KLABIN S.A.**

All amounts in thousands of Reais

Information about the finance result and income tax was not disclosed in the segment reporting because management does not utilize such data on a segmental basis, and the data is instead managed and analyzed on a consolidated basis.

### **c) Information on net sales revenue**

The table below shows the distribution of net revenue by country results for the six-month periods ended June 30, 2019 and 2018:

Country	Consolidated			
	From 4/1 to 06/30/2019		From 1/1 to 06/30/2019	
	Total revenue (R\$/million)	% of total net revenue	Total revenue (R\$/million)	% of total net revenue
Austria	135	5.2%	330	6.5%
Argentina	41	1.6%	85	1.7%
China	35	1.3%	59	1.2%
Italy	21	0.8%	32	0.6%
United States	23	0.9%	31	0.6%
Singapore	16	0.6%	17	0.3%
Canadá	9	0.3%	16	0.3%
Ecuador	7	0.3%	16	0.3%
Mexico	9	0.3%	15	0.3%
Other	803	30.9%	1,555	30.6%
	<b>1,099</b>	<b>42%</b>	<b>2,156</b>	<b>42%</b>

País	Consolidated			
	From 4/1 to 06/30/2018		From 1/1 to 06/30/2018	
	Total revenue (R\$/million)	% of total net revenue	Total revenue (R\$/million)	% of total net revenue
Austria	553	24.7%	985	22.3%
Argentina	135	6.0%	261	5.9%
China	24	1.1%	104	2.4%
Singapore	15	0.7%	82	1.9%
Ecuador	17	0.8%	38	0.9%
Colombia	18	0.8%	32	0.7%
Italy	22	1.0%	31	0.7%
Mexico	25	1.1%	29	0.7%
Saudi Arabia	9	0.4%	24	0.5%
Other	138	6.2%	269	6.1%
	<b>956</b>	<b>43%</b>	<b>1,855</b>	<b>42%</b>

For the six-month period ended June 30, 2019, in the pulp and paper segments, two clients were responsible for approximately 28% of the Company's net revenue, 13% (R\$ 661,464) in the paper segment and 15% (R\$ 749,726) in the pulp segment, corresponding to approximately R\$ 1,411,191 (R\$ 1,401,939 on June 30, 2018 or 32%, 13% (R\$ 556,114) on paper segment and 19% (R\$ 845,825) on Pulp Segment). The remaining customer base is diluted as none of the other customers individually accounts for a material share (above 10%) of the Company's net sales revenue.

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**KLABIN S.A.**

All amounts in thousands of Reais

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**26 RISK MANAGEMENT AND FINANCIAL INSTRUMENTS**

**a) Risk management**

The Company and its subsidiaries engage in transactions involving financial instruments, all of which are recorded in asset and liabilities accounts, intended to meet their operating needs, as well as to reduce exposure to financial risks, especially credit and cash investments, market (currency and interest rate) and liquidity risk, to which the Company understands that it is exposed, according to its business nature and operating structure.

These risks are managed through the definition of strategies prepared and approved by Company management, linked to the establishment of control systems and determination of position limits. There are no transactions involving financial instruments for speculative purposes.

Additionally, management proceeds with the timely assessment of the Company's consolidated position, monitoring the financial results obtained, evaluating future projections as a way of ensuring compliance with the defined business plan, and monitoring the risks to which the Company is exposed.

The Company's main risks are described below:

**Market risk**

This is the risk that the fair value of future cash flows of a financial instrument will fluctuate due to changes in market prices. In the case of the Company, market prices are affected by two types of risk: interest rate risk and currency risk. Financial instruments affected by market risk include financial investments, trade accounts receivable, accounts payable, loans payable and securities.

**(i) Currency risk**

The Company has operations denominated in foreign currencies (substantially US dollars), which are exposed to market risks arising from changes in the prices of the respective foreign currencies. Any exchange rate fluctuation may increase or decrease such balances. Breakdown of this exposure is as follows:

	<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>
Bank deposits and financial investments	3,749,529	540,855
Trade receivables (net of provision for doubtful debts)	763,576	740,111
Other assets and liabilities	62,000	(22,000)
Borrowing	(17,416,651)	(12,247,491)
<b>Net exposure</b>	<b>(12,841,546)</b>	<b>(10,988,525)</b>

The balance per year due as of June 30, 2019 of this net exposure is divided as follows:

<b>Year</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025 onwards</b>	<b>Total</b>
<b>Amount</b>	5,382,454	(411,000)	(399,000)	(428,000)	(2,926,000)	(2,829,000)	(11,231,000)	<b>(12,841,546)</b>

As of June 30, 2019, the Company contracted no derivatives to hedge against currency exposure in long-term cash flow. In order to cope with such net liability exposure, the Company has a sales plan whose projected cash flow from export revenues of approximately USD 1 billion per year and its

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

receipts, if realized, exceeds or approximates the payment flow of the respective liabilities, offsetting the cash effect of this currency exposure in the future.

The Company contracted derivatives (Notes 15 and 16) that refer to foreign exchange swaps and interest rates linked to the issuance of certain export credit notes and debentures.

### **(ii) Interest rate risk**

The Company has loans indexed by reference to TJLP, LIBOR, IPCA and CDI, and short-term investments indexed by reference to CDI, Selic and IPCA, exposing these assets and liabilities to fluctuations in interest rates, as shown in the table below. The Company entered into no derivative contracts to hedge / swap against exposure to these market risks.

The practice adopted is to continuously monitor market interest rates in order to assess any need to contract derivatives to hedge against these rates' volatility risk. In addition, the Company considers that the high cost associated with contracting fixed rates practiced by the Brazilian macroeconomic scenario justifies its option for floating rates.

Breakdown of interest rate risk is as follows:

	<b>06/30/2019</b>	<b>12/31/2018</b>
Financial investments - CDI	6,342,088	5,112,257
Financial investments - Selic	879,062	852,778
Financial investments - IPCA	468,707	452,623
<b>Asset exposure</b>	<b>7,689,857</b>	<b>6,417,658</b>
Financing - CDI	(3,807,652)	(4,740,513)
Financing - TJLP	(1,727,244)	(1,873,142)
Financing - LIBOR	(6,964,111)	(7,101,719)
Debentures - IPCA	(1,819,595)	(662,676)
<b>Liability exposure</b>	<b>(14,318,602)</b>	<b>(14,378,050)</b>

### **Investment-related risk**

The Company is subject to the risk of investment of funds, including deposits with banks and financial institutions, foreign exchange transactions, financial investments and other contracted financial instruments. The amount exposed by the Company substantially corresponds to short-term investments and operation of securities, described in Notes 4 and 5, respectively.

Regarding the quality of the Company's financial assets invested in financial institutions, an internal policy is used to approve the type of transaction being agreed upon, and a rating analysis, according to risk rating agencies, to assess the feasibility of investing funds in a particular institution, as long as this institution meets the policy acceptance criteria.

The table below shows cash, cash equivalents and marketable securities invested by the Company, classifying the amounts according to the rating of Brazilian financial institutions provided by Fitch and Moody's rating agencies:

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## **KLABIN S.A.**

All amounts in thousands of Reais

	<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>
National rating AAA(bra)	6,193,454	4,665,185
National rating AA+(bra)	5,264,821	2,382,019
	<b>11,458,275</b>	<b>7,047,204</b>

### **Credit risk**

This is the risk that a business counterparty will fail to meet an obligation under a financial instrument or customer contract, which would lead to financial loss. In addition to the investments mentioned above, the Company is exposed to credit risk in its operating activities (mainly in relation to accounts receivable).

As of June 30, 2019, the maximum amount exposed by the Company to credit risk on trade accounts receivable is equivalent to the balances presented in Note 6. Information on customer concentration is described in Note 25.

The credit risk quality in the Company's operating activities is managed by means of specific customer acceptance standards, credit analysis and establishment of exposure limits per customer, which are periodically reviewed. Monitoring of trade notes overdue is promptly performed to seek their receipt, and estimated losses on doubtful accounts are recorded for items subject to the risk of non-receipt.

The Company takes out insurance for domestic and foreign market receivables for all business units as described in Note 6.

### **Liquidity risk**

The Company monitors the risk of fund shortages in the global market by managing its capital through a recurring liquidity planning tool to ensure available funds for properly fulfilling its obligations, substantially concentrated in financing taken out from financial institutions.

The table below shows the maturity of the financial liabilities contracted by the Company, in the consolidated balance sheet, where the amounts presented include the principal amount and future interest on operations, calculated using the rates and indices effective on June 30, 2019:

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024 onwards</b>	<b>Total</b>
<b>Trade payables</b>	(915,771)	-	-	-	-	-	<b>(915,771)</b>
<b>Financing/debentures</b>	(1,146,307)	(2,675,677)	(2,440,350)	(2,725,976)	(5,236,325)	(22,036,595)	<b>(36,261,230)</b>
<b>Total</b>	<b>(2,062,078)</b>	<b>(2,675,677)</b>	<b>(2,440,350)</b>	<b>(2,725,976)</b>	<b>(5,236,325)</b>	<b>(22,036,595)</b>	<b>(37,177,001)</b>

The budget projection for the coming years approved by management demonstrates the Company's ability to meet its obligations.

### **Capital management**

The Company's capital structure is composed of net debt, consisting of loans and financing (Note 15) and debentures (Note 16), less cash and cash equivalents and marketable securities (Notes 4 and 5), and equity (Note 19), including issued capital and all reserves recorded.

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## **KLABIN S.A.**

All amounts in thousands of Reais

The net debt to equity ratio of the Company is composed as follows:

	<b>06/30/2019</b>	<b>12/31/2018</b>
Cash and cash equivalents and marketable securities	11,458,275	7,047,204
Borrowing and debentures	(24,601,963)	(19,445,672)
<b>Net indebtedness</b>	<b>(13,143,688)</b>	<b>(12,398,468)</b>
Equity	5,955,725	6,292,235
<b>Net indebtedness ratio</b>	<b>(2.21)</b>	<b>(1.97)</b>

### **b) Financial instruments, by category**

The Company has the following categories of financial instruments:

	<b>Consolidated</b>	
	<b>06/30/2019</b>	<b>12/31/2018</b>
<b>Assets - at amortized cost</b>		
. Cash and cash equivalents	10,102,644	5,733,854
. Trade receivables (net of provision for impairment of trade receivables)	1,935,491	2,040,931
. Other assets	650,777	685,133
	<b>12,688,912</b>	<b>8,459,918</b>
<b>Assets - fair value by results</b>		
. Marketable securities	1,355,631	1,313,350
	<b>1,355,631</b>	<b>1,313,350</b>
<b>Liabilities - at amortized cost</b>		
. Borrowing and debentures	24,601,963	19,445,672
. Trade payables	915,771	903,752
. Other payables	794,724	1,146,722
	<b>26,312,458</b>	<b>21,496,146</b>

#### **(i) Amortized cost**

The financial instruments included in this group refer to balances arising from usual transactions, such as accounts receivables, trade payables, borrowings and debentures, marketable securities and cash and cash equivalents maintained by the Company. All these instruments are recorded at their notional amounts plus, when applicable, contractual charges and interest, in respect of which the related income and expenses are recognized in the results for the period.

#### **(ii) Fair value through profit or loss**

The Company classifies its investments in LFTs and NTN-B (Note 5) as financial assets, since they can be traded in the future. These are recorded at fair value, which, in practice, corresponds to the invested amount plus interest on the transaction.

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## **KLABIN S.A.**

**All amounts in thousands of Reais**

### **c) Sensitivity analysis**

The Company presents below the sensitivity analysis of foreign exchange and interest rate risks to which it is exposed, considering that any effects would affect the future results, based on the exposure at June 30, 2019. The effects on equity are the same as those on the results. This sensitivity analysis does not assess the impacts of exchange rate differences on the Company's cash flow.

#### **(i) Foreign Exchange exposure**

The Company had assets and liabilities indexed to a foreign currency in the balance sheet at June 30, 2019, and, for sensitivity analysis purposes, it adopted as scenario I the future market rate in effect at the end of the reporting period. For scenarios II and III this rate was adjusted by 25% and 50%, respectively.

The sensitivity analysis of the foreign exchange variation is calculated in respect of the net foreign exchange exposure (borrowings, accounts receivables and trade payables in foreign currency), not being the projection export sales that, will offset in case of any future foreign exchange losses.

Accordingly, the table below shows a simulation of the effect of the foreign exchange variation on the future results for the next 12 months, if all other variables remain constant, considering the consolidated balances at June 30, 2019:

	At 06/30/2019	Scenario I		Scenario II		Scenario III	
	US\$	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)
<b>Assets</b>							
Cash and cash equivalents	978,580	3.77	(61,161)	4.71	859,585	5.65	1,779,451
Trade receivables, net of allowance for doubtful debts	199,284	3.77	(12,455)	4.71	175,051	5.65	362,378
Other assets and liabilities	16,181	3.77	(1,011)	4.71	14,214	5.65	29,424
Financing	(4,545,530)	3.77	284,096	4.71	(3,992,793)	5.65	(8,265,591)
<b>Net effect on finance results</b>			<b>209,469</b>		<b>(2,943,943)</b>		<b>(6,094,338)</b>

#### **(ii) Exposure to interest rate fluctuations**

Marketable securities, borrowings and debentures, are indexed to TJLP, IPCA, SELIC, LIBOR, and CDI floating interest rate. For sensitivity analysis purposes, the Company adopted the rates prevailing at dates close to the presentation dates of quarterly financial information, extracted on the website of the Central Bank of Brazil, using these same rates for SELIC, LIBOR, IPCA and CDI, due to their proximity, in the scenario I projection. For scenarios II and III, these rates were adjusted by 25% and 50%, respectively.

Accordingly, with all other variables held constant, the table below shows a simulation of the effect of the interest rate variation on the future results for the next 12 months consolidated, considering the balances at June 30, 2019:

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## KLABIN S.A.

All amounts in thousands of Reais

			At 06/30/2019	Scenario I		Scenario II		Scenario III	
			US\$	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)	Rate	R\$ gain (loss)
<b>Financial investments</b>									
CDBs	CDI	6,342,088	6.32%	5,074	8.00%	106,547	9.60%	208,020	
LFTs	Selic	879,062	6.32%	703	8.00%	14,768	9.60%	28,833	
NTN - B	IPCA	468,707	4.03%	(234)	4.98%	4,429	5.97%	9,093	
<b>Financing</b>									
Export Credit Notes - NCE (R\$) and Agribusiness Receivables Certificate - CRA	CDI	(3,807,652)	6.32%	(3,046)	8.00%	(63,969)	9.60%	(124,891)	
BNDES	TJLP	(1,727,244)	6.26%	5,354	7.44%	(20,338)	8.93%	(46,031)	
Debentures	IPCA	(1,181,850)	4.03%	591	4.98%	(11,168)	5.97%	(22,928)	
Export prepayment, BID and Finnvera	Libor	(6,964,111)	2.18%	(7,495)	2.86%	(47,290)	3.43%	(87,086)	
<b>Net effect on finance results</b>					<b>947</b>		<b>(17,021)</b>		<b>(34,990)</b>

## 27 INSURANCE COVERAGE

To protect its operational, assets and liabilities risks, the Company had insurance against many types of events that could impact on equity and operations.

Within the best market practices, the Company maintains operational risk insurance against fire, lightning, explosions, electrical damage and windstorms for its industrial and administrative facilities and inventory.

The Company also has other insurance coverage, such as for general civil liability, responsibility of directors and officers, National and International Transportation and forest insurance.

## 28 EVENTS AFTER THE REPORTING PERIOD

### **BOND 2029 (4th Issue)**

On July 8, 2019, through its wholly-owned subsidiary Klabin Austria, the Company acquired USD 250 million maturing in 10-year and coupon of 5.75% and yield of 4.90% per year. The purpose is to prepay or refinance debt of the Company and its subsidiaries, as well as to reinforce cash.

### **30th Issue of Agribusiness Receivables Certificates - CRA**

In July, CRAs were issued by VERT Companhia Securitizadora in the amount of R\$ 1 billion maturing in 10 years and with interest of 3.5% per year.

### **Sapopema Reflorestadora S.A.**

On July 26, 2019, a agreement was signed with a Timber Investment Management Organization ("TIMO"), through its subsidiary Sapopema Reflorestadora S.A. ("SPE"), which has its main purpose is to exploit the forestry activity in the state of Paraná.

The Company contribution to the formation of SPE's equity will be through the contribution of 8 thousand hectares of planted forests, equivalent to R\$ 114 million. TIMO, in turn, will contribute up to R\$ 325 million in cash, part of the closing of the operation and the remainder within 2 years.

The funds contributed to SPE will finance the acquisition of approximately 15 thousand gross hectares of land, equivalent to about 9 thousand hectares of effective planting, investments in forest formation

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**KLABIN S.A.**

**All amounts in thousands of Reais**

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and working capital. Klabin will have preemptive rights in the purchase of SPE's forest production, among other typical rights for the controlling shareholders of such a company.

The closing of this transaction is subject to usual precedent conditions, including approval by the relevant regulatory authorities.

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**KLABIN S.A.**

All amounts in thousands of Reais

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**1 DISCLOSURE OF EBITDA**

Pursuant to CVM Instruction 527/12, the Company has opted for the voluntary disclosure of non-financial information, as additional information included in its quarterly information, and presents EBITDA for the quarters ended June 30, 2019 and 2018.

In general terms, EBITDA represents the Company's operational generation of cash, corresponding to the funds generated by the Company through its operating activities only, without financial effects or taxes. It is important to note that this does not represent the cash flows for the periods presented, and it must not be considered as a basis for the distribution of dividends, as an alternative to profit or loss, nor as an indication of liquidity.

	Consolidated			
	From 4/1 to 06/30/2019	From 1/1 to 06/30/2019	From 4/1 to 06/30/2018	From 1/1 to 06/30/2018
(=) Profit (loss) for the period	72,250	(123,914)	(954,634)	(829,979)
(+) Income tax and social contribution	27,475	307,014	(507,569)	(454,636)
(+/-) Finance results, net	339,935	790,097	2,011,639	2,273,815
(+) Amortization, depreciation and depletion in the results	540,660	975,227	405,548	846,127
<b>EBITDA</b>	<b>980,320</b>	<b>1,948,424</b>	<b>954,984</b>	<b>1,835,327</b>
<b>Adjustments pursuant to CVM Instruction 527/12</b>				
(+/-) Changes in the fair value of biological assets (i)	(21,050)	17,200	(69,105)	(188,258)
(+/-) Equity in the results of investees (ii)	(2,028)	(3,773)	(1,762)	(3,391)
<b>Adjusted EBITDA</b>	<b>957,242</b>	<b>1,961,851</b>	<b>884,117</b>	<b>1,643,678</b>

**Adjustments for definition of EBITDA - adjusted:**

(i) Variation in the fair value of biological assets

The variation in the fair value of biological assets corresponds to the gains or losses obtained on the biological transformation of the forestry products, up to placing them in the conditions required for use/sale, during the formation cycle.

Since expectations relating to the value of assets are reflected in the Company's results and fair value is calculated based on the assumptions included in the discounted cash flows, without cash effects from its recognition, the variation in fair value is excluded from the calculation of EBITDA.

(ii) Equity in the results and EBITDA of investees

Equity in the results of investees in the statement of operations reflects the profit (loss) of subsidiaries in the parent company's quarterly information, calculated in accordance with its percentage of participation in the subsidiary.

The profit (loss) of the joint venture is influenced by items that are excluded from the EBITDA calculation, such as net finance results, income tax and social contribution, amortization, depreciation and depletion, and the variations in the fair value of biological assets. For this reason, the result of the equity in the results of investees is excluded from the calculation, but the EBITDA generated by the joint venture is included, being calculated in the same manner.

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**KLABIN S.A.**

All amounts in thousands of Reais

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**2 COMPANY'S OWNERSHIP INTEREST, INCLUDING STOCKHOLDERS WITH MORE THAN 5% OF THE SHARES. DETAILED TO THE INDIVIDUAL LEVEL**

**a) Company's ownership interest**

STOCKHOLDER	SHARES					
	COMMON	%	PREFERRED	%	TOTAL	%
Klabin Irmãos & Cia.	941,837,080	47.46	-	-	941,837,080	17.41
Niblak Participações S.A.	142,023,010	7.16	-	-	142,023,010	2.63
Monteiro Aranha S.A.	69,691,542	3.51	278,797,618	8.14	348,489,160	6.44
The Bank Of New York ADR Department (*)	61,367,914	3.09	245,471,656	7.17	306,839,570	5.67
BNDES Participações S.A. BNDESPAR	56,259,848	2.83	225,039,392	6.57	281,299,240	5.20
BlackRock, Inc	49,492,619	2.49	197,970,476	5.78	247,463,095	4.57
Treasury shares	27,917,134	1.41	111,668,536	3.26	139,585,670	2.58
Other (**)	636,005,508	32.05	2,366,259,507	69.08	3,002,265,015	55.50
<b>TOTAL</b>	<b>1,984,594,655</b>	<b>100.00</b>	<b>3,425,207,185</b>	<b>100.00</b>	<b>5,409,801,840</b>	<b>100.00</b>

(\*) Foreign stockholders.

(\*\*) Stockholders with less than 5% of the shares.

**b) Distribution of the controlling stockholders' share capital to the individual level**

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**KLABIN IRMÃOS & CIA.**

QUOTAHOLDERS	SHARES	
	Number	% of capital
Jacob Klabin Lafer Adm. Partic. S.A.	1	12.52
Miguel Lafer Participações S.A.	1	6.26
VFV Participações S.A.	1	6.26
PRESH S.A.	1	12.52
GL Holdings S.A	1	12.52
GLIMDAS Participações S.A.	1	11.07
DARO Participações S.A.	1	11.07
DAWOJOBE Participações S.A.	1	11.07
ESLI Participações S.A.	1	8.36
LKL Participações S.A.	1	8.35
<b>TOTAL</b>	<b>10</b>	<b>100.00</b>

General partnership, with capital of R\$ 1,000,000.00, comprising quotas of different values.

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**Jacob Klabin Lafer Adm. Partic. S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Vera Lafer	35,955,299	98.40
VL Participações Ltda.	584,639	1.60
<b>TOTAL</b>	<b>36,539,938</b>	<b>100.00</b>

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**KLABIN S.A.**

All amounts in thousands of Reais

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**CONTROLLING STOCKHOLDER/ INVESTOR:**

**Miguel Lafer Participações S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Jacob Klabin Lafer Adm.Partic.S.A.	4,121,292	100.00
<b>TOTAL</b>	4,121,292	100.00

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**VFV Participações S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Jacob Klabin Lafer Adm.Partic.S.A.	11,640,670	99.9998
Vera Lafer Lorch Cury	4	0.0001
Francisco Lafer Pati	4	0.0001
<b>TOTAL</b>	11,640,678	100.0000

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**PRESH S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Horácio Lafer Piva	8,829,453	33.3333
Eduardo Lafer Piva	8,829,453	33.3333
Regina Piva Coelho Magalhães	8,829,453	33.3334
<b>TOTAL</b>	26,488,360	100.0000

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**GL Holdings S.A.**

STOCKHOLDERS	SHARES					
	ON	%	PN	%	TOTAL	%
Graziela Lafer Galvão	4,233,444	72.67770	8,466,886	72.67770	12,700,330	72.67770
Paulo Sergio Coutinho Galvão Filho	795,761	13.66120	1,591,521	13.66120	2,387,282	13.66120
Maria Eugênia Lafer Galvão	795,761	13.66120	1,591,521	13.66120	2,387,382	13.66120
<b>TOTAL</b>	<b>5,824,966</b>	<b>100.00000</b>	<b>11,649,928</b>	<b>100.00000</b>	<b>17,474,894</b>	<b>100.00000</b>

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**KLABIN S.A.**

All amounts in thousands of Reais

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**CONTROLLING STOCKHOLDER/ INVESTOR:**

**GLIMDAS Participações S.A.**

STOCKHOLDERS	SHARES					
	ON	%	PN	%	TOTAL	%
Israel Klabin			1,287,625	90.0520	1,287,625	38.198
Alberto Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Leonardo Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Stela Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Maria Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Dan Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Gabriel Klabin (*)	323,502	16.6664	23,707	1.6580	347,209	10.300
Espólio Maurício Klabin (*)	32	0.0016	-	-	32	0.002
<b>TOTAL</b>	<b>1,941,044</b>	<b>100.0000</b>	<b>1,429,867</b>	<b>100.0000</b>	<b>3,370,911</b>	<b>100.000</b>

(\*) Shares subject to rights to use, with the beneficiary Israel Klabin having voting rights.

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**DARO Participações S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Daniel Miguel Klabin	69,003	6.910
Rose Klabin (*)	310,000	31.030
Amanda Klabin (*)	310,000	31.030
David Klabin (*)	310,000	31.010
<b>TOTAL</b>	<b>999,003</b>	<b>100.000</b>

(\*) Shares subject to rights to use, with the beneficiary Daniel Miguel Klabin having voting rights.

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**DAWOJOBE Participações S.A.**

STOCKHOLDERS	SHARES	
	ON	%
Armando Klabin	4	0.16
Wolff Klabin (*)	516	24.96
Daniela Klabin (*)	516	24.96
Bernardo Klabin (*)	516	24.96
José Klabin (*)	516	24.96
<b>TOTAL</b>	<b>2,068</b>	<b>100.00</b>

(\*) Shares subject to rights to use, with the beneficiary Armando Klabin having voting rights.

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**KLABIN S.A.**

All amounts in thousands of Reais

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**CONTROLLING STOCKHOLDER/ INVESTOR:**

**ESLI Participações S.A. (\*)**

STOCKHOLDERS	SHARES	
	ON	% Total
Cristina Levine Martins Xavier	5,891,253	33.3333
Regina Klabin Xavier	5,891,253	33.3333
Roberto Klabin Martins Xavier	5,891,254	33.3334
<b>TOTAL</b>	<b>17,673,760</b>	<b>100.0000</b>

(\*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**LKL Participações S.A.(\*)**

STOCKHOLDERS	SHARES	
	ON	% Total
Cristina Levine Martins Xavier	5,977,833	33.3333
Regina Klabin Xavier	5,977,833	33.3333
Roberto Klabin Martins Xavier	5,977,834	33.3334
<b>TOTAL</b>	<b>17,933,500</b>	<b>100.0000</b>

(\*) Special Contract for the Donation of Shares with Reserved Right to Use to Lilia K.Levine, on December 22, 2010.

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**NIBLAK PARTICIPAÇÕES S.A.**

STOCKHOLDERS	SHARES	
	ON	% Total
Miguel Lafer Part. S/A	3,038,036	12.521
VFV Participações S/A	3,038,036	12.521
GL Holdings S/A	3,038,060	12.521
Glimdas Participações S/A,	2,686,870	11.074
Verde Vivo Investimentos Florestais Ltda,	2,686,870	11.074
Dawojobe Partic, S,A,	2,562,689	10.562
Armando Klabin	124,181	0.512
Esli Participações S/A	4,050,722	16.695
Eduardo Lafer Piva	1,012,687	4.174
Horacio Lafer Piva	1,012,687	4.174
Regina Piva Coelho de Magalhães	1,012,687	4.174
<b>TOTAL</b>	<b>24,263,522</b>	<b>100.000</b>

**CONTROLLING STOCKHOLDER/ INVESTOR:**

**VERDE VIVO INVESTIMENTOS FLORESTAIS LTDA,**

STOCKHOLDERS	SHARES	
	ON	% Total
Amanda Klabin Tkacz	1,426,277	33.333
Rose Klabin	1,426,277	33.333
David Klabin	1,426,277	33.333
<b>TOTAL</b>	<b>4,278,831</b>	<b>100.000</b>

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## KLABIN S.A.

All amounts in thousands of Reais

### 3 CHANGES IN THE OWNERSHIP STRUCTURE

STOCKHOLDER	Type	June 30, 2018		Changes					June 30, 2019		
		Number of shares	%	Purchase/Subscription	Sale	New Investors	Withdrawals	Corporate changes*	Number of shares	%	Change %
Stockholders	ON	1,245,486,112	66.97	962,000	(36,200)	-	-	-	1,246,411,912	62.80	0.07
	PN	374,218,123	12.79	3,729,600	(144,800)	-	-	-	377,802,923	11.03	0.96
Members of the Board of	ON	47,514,938	2.55	1,000,000	-	10,729,513	(13,508,970)	-	45,735,481	2.30	(3.75)
	PN	186,059,752	6.36	4,000,000	-	42,918,052	-	(54,035,880)	178,941,924	5.22	(3.83)
Members of the Executive Board	ON	1,040,307	0.06	237,298	-	-	-	-	1,277,605	0.06	22.81
	PN	4,161,228	0.14	949,192	-	-	-	-	5,110,420	0.15	22.81
Members of the Statutory Audit Board	ON	7,205	0.00	30,000	-	-	-	-	37,205	0.00	416.38
	PN	25,920	0.00	120,000	-	-	-	-	145,920	0.00	462.96
Treasury shares	ON	29,313,630	1.58	(1396,496)	-	-	-	-	27,917,134	1.41	-
	PN	117,254,520	4.01	(5,585,984)	-	-	-	-	111,668,536	3.26	(4.76)
Other stockholders	ON	536,489,873	28.85	(832,802)	36,200	(10,729,513)	13,508,970	124,742,590	663,215,318	33.42	23.62
	PN	2,244,517,282	76.70	(3,212,808)	144,800	(42,918,052)	-	553,006,240	2,751,537,462	80.33	22.59
Total	ON	1,859,852,065	100.00	-	-	-	-	124,742,590	1,984,594,655	100.00	6.71
	PN	2,926,236,825	100.00	-	-	-	-	498,970,360	3,425,207,185	100.00	17.05

\*They comprise the control and conversion premium for the formation of Units as approved and approved at the Extraordinary General Meeting held on November 28, 2013

### 4 NUMBER OF THE COMPANY'S SHARES DIRECTLY OR INDIRECTLY HELD BY CONTROLLING STOCKHOLDERS AND MEMBERS OF THE BOARD OF DIRECTORS, EXECUTIVE BOARD AND STATUTORY AUDIT BOARD AND NUMBER OF SHARES OUTSTANDING IN THE MARKET

At 06/30/2019

STOCKHOLDER	SHARES					
	COMMON	%	PREFERRED	%	TOTAL	%
Stockholders	1,246,411,912	62.80	377,802,923	11.03	1,624,214,835	30.02
Members of the Board of Directors	45,735,481	2.30	178,941,924	5.22	224,677,405	4.15
Members of the Executive Board	1,277,605	0.06	5,110,420	0.15	6,388,025	0.12
Members of the Statutory Audit Board	37,205	0.00	145,920	0.00	183,125	0.00
Treasury shares	27,917,134	1.41	111,668,536	3.26	139,585,670	2.58
Other stockholders	663,215,318	33.42	2,751,537,462	80.33	3,414,752,780	63.12
Total	1,984,594,655	100.00	3,425,207,185	100.00	5,409,801,840	100.00

Number of shares outstanding in the market	663,215,318	33.42	2,751,537,462	80.33	3,414,752,780	63.12
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At 06/30/2018

STOCKHOLDER	SHARES					
	COMMON	%	PREFERRED	%	TOTAL	%
Stockholders	1,273,870,444	64.19	487,755,451	14.24	1,761,625,895	32.56
Members of the Board of Directors	47,514,938	2.39	186,059,752	5.43	233,574,690	4.32
Members of the Executive Board	1,040,307	0.05	4,161,228	0.12	5,201,535	0.10
Members of the Statutory Audit Board	7,050	0.00	25,300	0.00	32,350	0.00
Treasury shares	29,313,630	1.48	117,254,520	3.42	146,568,150	2.71
Other stockholders	632,848,286	31.89	2,629,950,934	76.78	3,262,799,220	60.31
Total	1,984,594,655	100.00	3,425,207,185	100.00	5,409,801,840	100.00

Number of shares outstanding in the market	632,848,286	31.89	2,629,950,934	76.78	3,262,799,220	60.31
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(A free translation of the original in Portuguese)

**KLABIN S.A.**

**All amounts in thousands of Reais**

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**5 OTHER INFORMATION**

**Relationship with independent auditors**

In conformity with CVM Instruction 381/03, the auditing firm Ernst & Young Auditores Independentes S.S. did not provide services unrelated to the external audit with a value exceeding 5% of its total fees.

The Company's policy for the contracting of services from its independent auditors not relating to an external audit is based on principles that preserve the independence of these professionals. These principles, which follow internationally accepted guidelines, consist of the following: (a) the auditor must not audit his/her own work; (b) the auditor must not perform managerial functions for his/her client; and (c) the auditor must not promote the interests of his/her clients.