KLABIN S.A.
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NIRE: 35300188349
Public Company

NOTICE OF MATERIAL FACT

Klabin S.A. ("Klabin" or "Company") hereby presents to its shareholders and the market in general the following clarifications about the various recent news regarding the Extraordinary General Meeting called to resolve on the proposal of merger of Sogemar – Sociedade Geral de Marcas Ltda. ("Sogemar") into the Company ("Merger"), to be held on March 14, 2019 ("EGM"), as well as other events reported by the media.

As it is public knowledge[1], the Company's Board of Executive Officers held negotiations with Sogemar aiming at the transfer of the trademark "Klabin" and other six trademarks ("Trademarks") to the Company, with the consequent termination of the payment of royalties made under the Trademarks' licensing agreement ("Licensing Agreement"). The existence of said Licensing Agreement is public and it is informed, in a completely transparent manner, in the Company's official documents since its execution.

As disclosed in the EGM's documentation, the Board of Executives Officers see the use of the Trademarks as a differential of the Company in the market, specially in the segments of corrugated paperboards and coated cardboards, products with a high degree of customization, adding value to the products due to their centuries-old prestige and reputation (the first use of the name Klabin occurred in 1899) and to the fact that they serve as a vehicle to sustainability seals and certificates held by the Company along its production chain. The Trademarks have been used for decades and confer the products a true quality certificate, differentiating them from the competitors and promoting their sales, also contributing decisively to make the Company the biggest producer and exporter of paper in Brazil, leader in the production of paper and cardboards for packaging and corrugated paperboard packaging.

The negotiations with Sogemar seeking to allow the Company to become owner of the Trademarks resulted in the execution of the Merger Protocol submitted to the EGM. In order to ensure the complete independence of this decision, the Board of Executive Officers took the measures necessary to guarantee that only shareholders that do not hold a direct or indirect interest in Sogemar could vote at the EGM, including with their preferred shares.

The Company's Board of Executive Officers continues to have a deep conviction that the Merger is a unique opportunity for the generation of value for Klabin, as it would terminate the Licensing Agreement, assuring the Company the right to exclusive use of the Trademarks on a perennial basis

The proposed transaction represents an advance in the Company's governance, with no financial disbursement as consideration, and with issuance of common shares (with a 5-years lock-up) corresponding to approximately 50% of the present value of the royalties payment flow.

[1] As per the Notice to the Market released by the Company in October 5, 2018.

It is also an important step towards the long-term alignment between the Company and its shareholders, not only for those investors who are avowedly willing to sell their short-term investments, but mainly for those who seek long-term value and have an interest to remain in the Company - which explains the positive reaction of the market to the Merger proposal, including favorable opinions from analysts.

It was therefore with great surprise that the Company received a request from a single shareholder to call an extraordinary general meeting to resolve directly on the "termination" of the Licensing Agreement in a complete, unprecedented and absurd disregard of the Company's management mechanisms, seconded by a Notice to the Market disclosed by the *Associação dos Investidores no Mercado de Capitais*, whose chairman, in turn, had been appointed by a minority shareholder just a few days before to run for the position as member of the Company's board of directors.

The proposal lacks a minimum degree of seriousness, since it intends to attribute to the shareholders a decision that, in order to be taken with a minimum of diligence by anyone, would require a careful legal, financial and business analysis as to its appropriateness, costs, benefits and risks - liability arising from eventual resolution in this sense that may be illegal and prejudicial to a publicly held company such as Klabin may be considered.

In order to have an idea of the irresponsibility of the proposal, in the opinion of the Company's lawyers, an eventual termination of the Licensing Agreement may result in the immediate loss of the right to use the Trademarks, including in other Company registries that are related to other paper products and derive from the original registryof the nominative trademark.

The high revenues generated by paper and corrugated paper products marketed under the "Klabin" trademark and its derivatives, which accounted for approximately 56% of the Company's revenues in 2018[2], should also be highlighted.

The intended "termination" would lead to a disruption in the use of the trademarks by the Company, causing it to incur in an emergency manner on new costs necessary for the rapid creation of new trademarks, branding and marketing, among others. The creation of a new trademark, which is usually already surrounded by uncertainties, would be made in an abrupt manner, leaving behind the trademark "Klabin" that is a success in the national and international market, recognized as synonymous of a high quality standard. Finally, the process of creating a new brand would eventually divide management's attention time with the successful operation and development of new projects, generating unnecessary instability for the Company.

For all these reasons, the Company regrets to have received on this date, from Sogemar, a letter stating that in light of the campaign launched by a single investor against the Merger and so that there is no doubt that it acted all the time exclusively in reaction to the discussions provoked by the Company's Board of Executive Officers, it decided to withdraw its consent to its merger into the Company.

Sogemar's letter highlights that "*Klabin Irmãos e Companhia - KIC, through Sogemar, reinforces its commitment to Klabin's sustainable growth and the Company's operational*

[2] The products identified with the Trademarks and those with other trademarks also derived from the nominative trademark "Klabin" (in particular in the Kraftliner and Sack segments) corresponded, respectively, to approx. 38% and 18% of the Company's revenues in 2018.

quality. In these 120 years that KIC controls the Company, there is no news of any taint or scandal that could in any way harm the Company or its image and reputation in the market, even in recent times, when investors of so many Brazilian companies, and even the people through public investments, have seen huge portions of their savings destroyed by corruption and mismanagement scandals".

Accordingly, the Company's Board of Directors decided, also on this date, to cancel the EGM's call notice, which would occur on March 14, 2019, in view of the loss of its object, and to call the extraordinary general meeting required by the sole claiming investor, once such investor fulfills certain formalities that were not been observed by it.

The Company will keep the market informed about any developments regarding the subject.

São Paulo, March 6, 2019.

Gustavo Henrique Santos de Sousa
Chief Financial and Investor Relations Officer