



Klabin

KLABIN S.A.

CNPJ/MF: No. 89.637.490/0001-45

NIRE: 35300188349

Publicly-Held Company

MATERIAL FACT

KLABIN S.A. ("Klabin" or "Company"), in compliance with the provisions of Article 157, paragraph 4, of Law No. 6,404, dated as of December 15, 1976, as amended, and CVM Instruction No. 358, dated as of June 15, 2015, hereby informs its shareholders and the market in general that, after a detailed analysis of market conditions, engineering and viability studies the Board of Directors has approved, on this date, in an extraordinary meeting, the containerboard expansion project denominated Puma II Project ("Puma II" or "Project").

Puma II consists in the construction of two new paper machines, with production of integrated pulp, situated at the same industrial unit Klabin operates in the municipality of Ortigueira/PR ("Puma Unit"). The total annual capacity of the machines will be 920 thousand tons of Kraftliner paper. In Puma Unit, Klabin operates the production bleached pulp (hardwood, softwood and fluff), which will continue to supply the domestic and export markets with an annual capacity of 1.6 million tons.

The construction of the Puma II Project will be executed in two stages:

1. The **First Stage** consists in the construction of a principal fibersline for the production of unbleached pulp, integrated in a Kraftliner and White Kraftliner paper machine, which the products are going to be sold with the brand Eukaliner, with annual production capacity of 450 thousand tons. In addition, this stage also includes the construction of complimentary installations supporting the new lines and plants for the recovery and utilities areas.
2. The **Second Stage** incorporates the construction of a complimentary fibersline for the production of unbleached pulp integrated in a Kraftliner paper machine with annual production capacity of 470 thousand tons and the expansion of some support installations.

The Project's schedule estimates that the construction of each stage of the Puma II may last 24 months; moreover, the beginning of the second stage might be after the startup of the first stage. Thus, the startup of the first machine is expected to happen on the second quarter of 2021, and the startup of the second machine is expected to happen on the second quarter of 2023.

The gross investment budgeted for the construction of Puma II Project is BRL 9.1 billion, subject to currency fluctuation and restatement for inflation, which will be disbursed between 2019 and 2023. Approximately BRL 0.9 billion out of the gross investment is regarding recoverable taxes. Since the majority of the equipment will be installed on the First Stage of the Project, approximately two thirds of the capex will be disbursed between 2019 and 2021. The Project will be financed by a combination of the cash position of the Company and the cash generation of the recurring operations; nonetheless, the funding structure may include debt if the conditions are attractive in terms of maturity and costs.

The world's containerboard industry has presented significant growth over the past decades, mainly in emerging economies, contributing with the demand for paper that supply this industry. The global demand for containerboard, which was approximately 60 million tons per year in 1990, nowadays has reached around 170 million tons per year, according to Poyry. The consultancy firm estimates that the containerboard industry will grow 2.5% per year until 2025, with a good outlook for the papers made of virgin fibers.

The two new paper machines will reflect Klabin's technological and cost competitiveness, supplied by a forest that is a global benchmark in productivity and average distance to the mill. Furthermore, the synergies with Klabin's existing manufacturing and forest operations in the region and the Company's commercial positioning in the global market of containerboard support the implementation of Puma II.

The investment in the Puma II Project will benefit the cities in the region, with the generation of up to 9 thousand jobs in the construction period and 1.5 thousand direct and indirect jobs after the startup of production. In addition, there will be a positive impact due to the taxes collection and business developments, socio-environmental improvements and development of local infrastructure.

Klabin, in the year that its founder and controller, Klabin Irmãos e Companhia, celebrates 120 years of history, reinforces its commitment to the shared value generation and the perennality of its business, in order to build a better future for all. The Company continues to transform its planted forest in multi-use, renewable, recyclable and biodegradable goods and building relationships with ethic and respect.

São Paulo, April 16th, 2019.

Cristiano Cardoso Teixeira
Chief of Executive Officer and Investor Relations Officer