



Klabin

KLABIN S.A.

CNPJ/MF nº 89.637.490/0001-45

NIRE 35300188349

Publicly Held Company

NOTICE TO THE MARKET

KLABIN S.A. (“Klabin” or “Company”) hereby notifies its shareholders and the market in general that has, as of today, celebrated the necessary disclosures towards an agreement with a Timber Investment Management Organization (“TIMO”) to constitute a Special Purpose Entity (“SPE”) designated to explore the forestry activity on the Center-South region of the State of Paraná.

Klabin’s contribution to the SPE’s capital composition will occur through the input of approximately 9 thousand hectares of planted forests. The TIMO, in turn, will collaborate with approximately 11 thousand hectares of additional planted forests and 7 thousand hectares of usable assets in the form of land (net area).

Preferential wood purchase rights will be granted to Klabin over the SPE’s production, among other shareholder’s rights typically conveyed on ventures of this kind. The conclusion of this transaction is subject usual precedent conditions, including approval by qualified regulatory bodies. Klabin estimates this transaction to be closed briefly.

This partnership will allow for Klabin to access incremental bulks of land to expand its forestry base, supplying its pulp and paper plants in the region, without the effective need of capital allocation for acquisition of these assets, besides prompting future expansion projects. Therefore, Klabin reinforces its commitment to value creation, operational responsibility and thus equilibrium of its capital structure.

São Paulo, January 21st, 2020.

Marcos Paulo Conde Ivo
Chief Financial and Investor Relations Officer