

Q3 2021 Earnings Call

Company Participants

- Alexandre Nicolini, Executive Director Pulp Business Unit
- Cristiano Teixeira, Chief Executive Officer
- Douglas Dalmasi, Packaging Director
- Flavio Deganutti, Paper Director
- Marcos Ivo, Chief Financial and Investor Relations Officer
- Sandro Fabiano Avila, Operational Planning, Logistics and Supply Chain Director

Other Participants

- Carlos de Alba
- Daniel Sasson
- Guilherme Rosito
- Isabella Vasconcelos
- Marcio Farid
- Rafael Barcellos

Presentation

Operator

Good day, everyone, and welcome to Klabin's Conference Call. At this time, all participants are in listen-only mode. Later on, we will conduct a question-and-answer session, when further instructions to participate will be provided. We kindly ask you that for the benefit of time, each analyst asks a maximum of two questions. (Operator Instructions) As a reminder, this conference call is being recorded and also broadcast simultaneously via webcast, which can be accessed through Klabin's Investor Relations website where the presentation is available.

Any forward-looking statements made during this conference call in connection with Klabin's business outlook, projections, operating and financial goals, and potential growth should be understood as merely forecast (Technical Difficulty) in relation to the future of Klabin. Such expectations are highly dependent on market conditions and on Brazil's overall economic performance and on the industry and international market behavior and therefore, subject to change. Present with us today are Mr.Cristiano Teixeira, CEO; Marcos Ivo, CFO and Investor Relations Officer, and the company's officers. Initially, Mr.Teixeira and Mr.Ivo will comment on the company's performance during the third quarter of '21. And after that, all of the management of Klabin will be available to answer questions that you might have.

I now turn the floor over to Mr.Teixeira. Mr.Teixeira, please go ahead.

Cristiano Teixeira {BIO 17567319 <GO>}

Welcome everyone to Klabin's conference call to discuss third quarter 2021 results. To start, I would like to pay a tribute to our dear friend Armando Klabin. It might sound too intimate to refer to Dr.Armando as my dear friend, but that's how I felt in my relationship with such an authentic person. Dr.Armando was a leader who inspired me, and with whom I could count throughout my history at Klabin. I always resorted to him in difficult moments. Dr.Armando believed in people as very few people do. He believed in consensus, in conversation, in alignment. His absence is felt not only by myself, but by all people who had an opportunity to have a relationship with this relentless man, a man who was enthusiastic and curious about all aspects of life. His invaluable contributions with good humor, optimism and development focus will continue to be present in Klabin's Board of Directors, and will continue to guide us in building the future of this company that made him so proud. On behalf of all Klabin's employees, I say my thank you to him and I devote this call to him because we posted historical earnings for the company.

Yesterday, we have the first Board of Directors meeting conducted by the new Chairman, Wolff Klabin, the oldest son of Dr.Armando. As a representative of the Klabin team, we are putting all our trust in you Wolff. As our dear friend Dr.Armando said, let's move forward folks.

Well, during the third quarter of 2021, while the global economy was still recovering from the economic impacts of the COVID-19 pandemic, there was some concern with the water stress crisis in Brazil, inflation around the world, supply chains and logistic chains and the energy crisis in China. Even in a adverse situation at Klabin, we posted the very best quarter in our history with cash generation measured by EBITDA amounting to BRL1.9 billion, substantial figures which renew our confidence in the trajectory that we took so far.

In Q3 2021, we have the startup of PM27 with the production of the first kraftliner produced with 100% short fiber, eucalyptus fiber, Eukaliner which sets a new standard for packaging paper, high performance packaging paper in Brazil and around the world. And altogether, we started in the complex of the Puma unit the operation of our Container Rail Terminal, the largest in capacity of volume transportation for a single company worldwide. It will support us in another paper expansion cycle at Klabin and will optimize the current operation of Monte Alegre. In addition to increasing operating efficiency of the company, this project reinforces Klabin's commitment to sustainability, because it reduces environmental impact. Our results show increased revenue in all business lines with a reduction of leverage compared to the prior quarter and a record adjusted after reflecting efficient capital allocation, cash generation and creation of value for our shareholders.

I'll now turn the floor to Marcos Ivo that will bring us detailed financials for Q3 2021.

Marcos Ivo {BIO 21106710 <GO>}

Thank you, Cristiano. Thank you all and thank you for joining us in this conference call.

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On Slide 3, in line with what we said before, we've delivered another quarter with very positive results with record marks in several lines of the P&L, confirming the strength of Klabin's business model in its great results predictability. Among the highlights of the quarter, I mention net revenue of BRL4.4 billion, up 40% in the yearly comparison. Adjusted EBITDA per ton of BRL2,028, up 50% over the same period of 2020. And acceleration of the leverage, which ended the quarter with a net debt over EBITDA in dollars of 3.1 times from 3.6 times in June of 2021.

On Slide 4, sales volume increased 4% over Q3, 2020, totaling 951,000 tons. This growth stems from the contribution of assets acquired from international paper to Brazil in October of last year. Net revenue growth in all business lines in the yearly comparison despite some cost pressure drove our adjusted EBITDA which totaled BRL1.928 billion, a record for any single quarter, up 56% over Q3 2020. Of this total, BRL1.42 billion refer to the pulp segment, which for the first time exceeded the mark of BRL1 billion in a quarter.

On Slide 5, benefiting from a price recovery in the yearly comparison as well as benefit from a flexible sales mix between geographies and a portfolio with three types of fiber: short fiber, long fiber, and fluff, net revenue of pulp was BRL1.6 billion in the quarter, 48% up in the yearly comparison. The cash cost of pulp production was BRL940 per ton, up 24% over the same period of last year. This cost increase is explained mainly by an increased price of chemicals and fuel, in addition of inflation in the period. EBITDA per ton of pulp sold was BRL2,605 in the quarter, a significant growth of 84% when compared to Q3 2020, showing improved profitability in the pulp business even in a challenging scenario in terms of costs.

Now moving to Page 6. Kraftliner net revenue in the quarter was up 16% in the annual comparison, benefiting from favorable conditions of the market which have driven the price of this product. Measured by FOEX Europe, the price in dollars per ton increased 30% when compared to the same period of 2020. The balance between supply and demand for this product is well balanced out, showing the maintenance of current conditions in the market and that encourages the additional volume entry for PM27.

Now, turning to Page 7. At the end of September, Klabin's net debt was of BRL19.9 billion, an increase of BRL1.2 billion vis-a-vis the prior quarter. This increase is explained by the Brazilian currency depreciation, which affects the dollar denominated debt, and that is partially offset by cash generation in the period. Leverage measured by net debt over EBITDA and dollars was down 3.62 -- 3.6 times by the end of June to 3.1 times in September, confirming the deleveraging movement mentioned in our last earnings call.

Now, moving to the next slide. Klabin's liquidity is still robust and has ended the quarter in BRL11.7 billion, that liquidity consists in BRL9 billion in cash and the remainder in a revolving credit line. The average maturity debt from 2021 to 2023, which is the period of Puma II construction, is of approximately BRL1.3 billion a year, a very comfortable level for the company. The average tenor for the debt at the end of September of 2021 was of 108 months or 9 years, the same level as we had in the prior quarter. Klabin also has not yet drawn credit lines, which are in a similar amount to the CapEx that will be disbursed by the end or right the conclusion of Puma II project as we have detailed in our release.

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On Page 9, adjusted free cash flow, net of discretionary factors and expansion products was positive in BRL1.5 billion in the quarter in addition to the strong EBITDA, the result was driven by the reduction of BRL206 million in company's working capital. In the last 12 months, adjusted free cash flow was of BRL4.4 billion, representing a free cash flow yield of 15%.

Now, on Page 10. As the shareholders' notice published yesterday, the company approved the earnings payment and -- of BRL402 million dividends and interest on equity to be paid on November 11. Klabin has a GCP and dividend policy that can be tracked on our website of Investor Relations.

On the Slide 11, the first stage of Puma II started up production on August 30 and is following its ramp up as planned. For this year, we expect to ship 90,000 tons of paper produced in PM27. The second stage of the project that that will have a coated board machine is moving on with construction within its casual and should start up working in the second quarter of 2023, that is the planned date. Starting from the project of Puma II, we have been disbursed to BRL7.1 billion, out of those BRL623 million are regarding to the third quarter of 2021. For the last quarter of this year, we estimated disbursement of around BRL1 billion. And for 2022, we estimate disbursing approximately BRL3 billion.

Finally, I would like to stress some ESG actions in line with KODS, Klabin's sustainable development objectives, which are part of Klabin's agenda for 2030. In the next weeks, we will have the United Nations Climate Change Conference, COP26 to discuss climatic issues. Our CEO, Cristiano is an ambassador of the SDG 13 by the global the PAC-10 will be participating in this event as a Brazilian representative of the group COP26 business leaders.

In June, we joined the CFO task force for the sustainable development goals. By the means of this initiative of the UN, CFOs are committing themselves with the 10 principles of the global compact with the objective of integrating the sustainable development in terms of Investments and Finance. In other front, Klabin has become a signatory of the forum of LGBTI+ companies and rights, committing to 10 actions which are related to KODS actions and having 90% of employees coming from diversity groups, analyzing positively the conditions of equality and respecting the company. Recently, we also contracted a revolving credit line of \$500 million characterized as sustainability linked that is subject to an annual performance of environmental indicator linked to KODS goal. Also important we started using the framework as ASB in our ESG releasing and that is going to follow the international standards, making it easier to follow it up and analyze it. These and other actions are the consequence of our integration history to ESG and our strategy. To follow all ESG indicators please check our portal.

Now, Cristiano, and me and the other officers will be available to take your questions.

Questions And Answers

Operator

(Question And Answer)

Thank you. (Operator Instructions) Our first question is from Mr. Daniel Sasson with Itau BBA.

Q - Daniel Sasson {BIO 19234542 <GO>}

Hello. Good day, everyone. Congratulations on the results. My first question has to do with the gaps between fibers. We have seen the price of short fiber exceedingly higher than long fiber -- than soft -- than hard fiber. Then hardwood it like you to know, when you think this price gap will continue between Europe and China? And, when do you think this gap will close?

And my second question has to do with costs. The results were very strong, but perhaps the cost item is the only one that was a little higher than we estimated. There was a foreign exchange impact caused by chemicals and fuel prices. Could you elaborate on the outlook for Q4 2021 and for '22, in terms of the carryover of higher costs, higher production costs looking forward? Thank you very much.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Sasson. Nico will start, and then Marcos Ivo will answer the second part.

A - Alexandre Nicolini {BIO 21861040 <GO>}

Good day, Daniel. Thank you for the question. What's really hard to forecast, when this price gap of between China and other markets were closed. China is still a market that stands out compared with other geographies. We see Europe, the United States, and even Brazil, with very strong markets from the standpoint of demand. And we don't see this changing in the coming months. This price gap between long and short fiber has been there for a little over a year. When we look at price projections for next year, the gap will continue.

We don't expect any significant reduction and this is due mainly for the fact that long fiber is influenced by fluff producers that have the ability to swing. Fluff market remains in high demand. It is a market that has been very much impacted by logistics constraints, because practically a 100% of the shipments go in containers. So, there's an expectation that producer that can swing will continue to produce fluff because of price, and also because of demand that will drive a reduction in the availability of long fiber and the markets of the gap will continue.

A - Marcos Ivo {BIO 21106710 <GO>}

Sasson, this is Marcos Ivo from the standpoint of cost, indeed we see in the earnings of the quarter that there was some cost pressure on some raw materials, particularly some commodities, which are dollar denominated.

And there is more inflation rate and some other -- impacting some other items in the economy, including services. These are not under our control. At Klabin, we try to

optimize consumption of raw materials into plants and to absorb the costs and pass the extra cost to our products, but these are large factors. [ph] It's very hard to elaborate more, or we can say, is that we will continue to work in that way very diligently.

Q - Daniel Sasson {BIO 19234542 <GO>}

Okay. Thank you very much.

Operator

Our next question is from Mr.Rafael Barcellos from Santander.

Q - Rafael Barcellos {BIO 20593721 <GO>}

Good morning, everyone. Congratulations on the results. My first question is about the price dynamics in paper and packages, specifically in corrugated boxes and coated boards. How much can we expect in terms of adjustments for coated board? And corrugated box, I would just like to have a color on the OCC's dynamic? And with a drop - recent drop in the OCC's price, how can this affect your prices or the dynamics for a corrugated boxes?

And my second question is about freight. We have seen an increase -- the maritime trade increasing significantly in the past few months. I understand that clubbing might have long-term contracts. But I would like to check with you, what is the impact in terms of costs of these logistics changes? Thank you.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Rafael. We then start with Flavio and Douglas talking about the corrugated box markets, and then our supply chain director is going to answer you. Okay.

A - Flavio Deganutti {BIO 22267586 <GO>}

Okay, Rafael, good morning. Talking about the demand, the coated board market is very much balanced in terms of supply and demand. Brazil has grown over 20% in these first nine months of the year, starting on a strong base, which was 22%. And out of Brazil is the same thing, United States and Europe have significant growth. And they turn this -- they allowed us balance to have those price performances in all the markets. But this is a market of contracted prices in general and these movements happened in the area that is more a spot like in Brazil and abroad as well. And it keeps increasing in the fourth quarter and it's also an important moment is, when we have the new year that's when the contracts received a planned adjustments based on the market balance.

A - Douglas Dalmasi

Rafael, good morning, and this is Douglas. Thank you for your question. Now analyzing OCCs price are around BRL1,000. At that level we always analyze the OCC's prices to see how packaging prices will be. And then this balance between supply and demand. The supply and demand are balanced. And looking forward, this is an area a sector that usually grows and higher than the GDP. So, looking at the scenario, we expect to see a

price stability in the next levels, considering these current prices with the inflation adjustment for the next year. So, anything different from that is, will be a mix variation. But in this demand scenario and that level of OCCs we will keep that level of prices transferring and adding the inflation.

A - Sandro Fabiano Avila

Rafael. This is Sandro. About the freights behavior, what we have seen, and I believe that in the third quarter we are in the most critical moment since last year in terms of global supply. That is, we are getting closer to the end of the year, and the problems that we have seen throughout the year of problems in ports and the Suez Canal, and the high demands that we have been seen globally. That pressure, we do believe the fourth quarter will be the most difficult one. And what we are doing and as you know, that Klabin has flexibility in terms of volume. Because of a high volume with different distribution channels, that allows us to sign contracts especially in container transportation.

We also have a second possibility, which is a break bulk mode, also with long-term contracts that allows us to have hybrid operations. And a third possibility still to maintain export, we are using the maritime mode, especially regarding (inaudible). So, these three different possibilities allow us to work with the foreign market. And still with contracted prices, we have seen some situations, where we have additional demand from clients, additional from what we had contracted and we are still check -- if we're already checking how the market is. And fourth factor is the movement for internal market and conversions. And that allows us to ease the pressure that we have right now in the container market.

Q - Rafael Barcellos {BIO 20593721 <GO>}

Okay, great. Thank you.

Operator

Our next question is from Isabella Vasconcelos with Bradesco BBI.

Q - Isabella Vasconcelos {BIO 20566061 <GO>}

Good morning. Thank you for the opportunity. I would like to know more about the Kraftliner market, and the ramp up of Puma II. I think, Ivo mentioned that you expect this year 90,000 tons, additional tons once in volume. And I would like to understand the possibility of most of this volume being exported, taking advantage of a higher international price and the depreciated Brazilian currency. And I would like to understand the outlook for the Kraftliner market for 2022? I think that prices have had a good performance this year. And I'd like to hear from you the outlook for supply and demand for next year. These are my questions. Thank you very much.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Isabella. (Foreign Language) Hi Isabella, excellent questions. Well, the market continued with an amazing structural strength and this is valid for all geographies. We did see some accommodation, but and that was benefited by e-commerce and by a change

in packaging. Our packaging offers a number of ESG advantages compared with plastic solutions. We see very interesting balance for the Kraftliner.

Now talking about our new capacity PM27 that produces Eukaliner white, the plant did perform very well for first-time -- first month. We reached almost 50% of our target capacity. We are ending the second month of production getting close to 65% of our target and we are moving forward towards 85% of the target in 2022.

The volumes from the new machine, follow the organic growth in the domestic market and growth of our packaging business. The surplus will be exported to our traditional destinations particularly markets that buy virgin fiber, craft fiber. And probably most of -- more than half of the volume exported will go to these destinations. PM27 also freeze some spacing the current machines, we will be able to export more because of this capacity.

Price dynamics remain very positive. We are living a moment of historically high prices for Kraftliner and containerboard recycled fiber products. We have an additional price in the Eukaliner paper. Eukaliner offers 10% advantage of physical performance in the corrugating machines. And so we are living a very special moment in terms of prices, and they will remain stable at the current level in the next year.

Q - Isabella Vasconcelos {BIO 20566061 <GO>}

Thank you very much. Very clear. Just a follow-on question. In terms of premium prices, I don't know to what extent you can comment. I know you also have the production of white paper that has an additional premium price.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Well, Eukaliner offers 10% advantage. You can make boxes, which are 10% lighter. And you can have performance and speeds are at least 10% faster in the conversions. And it's based on this platform that we negotiate with our clients a premium price.

Q - Isabella Vasconcelos {BIO 20566061 <GO>}

Perfect. Thank you.

Operator

Our next question is from Mr. Marcio Farid, Goldman Sachs.

Q - Marcio Farid {BIO 22379440 <GO>}

Good morning, everyone. Thank you very much for this opportunity. I have two questions. My first is for Cristiano. Cristiano, at Glasgow at COP26, which are your expectations for the event? What do you expect to discuss with players that will be there? And what can we expect in terms of outcomes?

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And my second question is for Nico. You briefly talked about a China increase. Can you give us more details how do you see the margin for paper and inventory levels for paper and pulp? What do you see for now October and November? And also what do you expect for the end of the year and maybe for next year as well? Thank you.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Farid for your questions. Very well. We will be going to COP26 are highly motivated. We know the historic importance of this topic, climate change, especially because of the relevance of the six cycle of studies or the IPCC's report. The recent one that shows the climatic problem, when with a higher temperatures and this is an information, you will know about, of course, and especially the energy matrix of the world now starting in coal and oil. This is an issue that has not been tackled yet. So, I believe that addressing that urgency and changing the energy matrix in the world is crucial, knowing the effects that we quickly were able to see.

And now already going to Nico's answer, in China itself this is a global issue. And by global, I mean, all people, everyone in the planet, the atmosphere is the same, the effects are there. We can already feel them and they will be growingly impacting our routines all over the world, whether in developed countries or developing countries. So, this is a crucial topic. I will be with our Sustainability, Technology and Engineering Officer during a COP26 meetings. And we will be participating in all the meetings that Mr. Alok Sharma refers us to. So, we are very motivated, but we are also concerned about the importance of this topic.

Nico, the floor is yours.

A - Alexandre Nicolini {BIO 21861040 <GO>}

Hello Marcio. Thank you for your question. Once again I would like to stress that China nowadays is the only market that is different from the other markets, and the other countries. All this movement of changing the volume, the volume is to other geographies, other areas. I think it has, I say Brazil, higher consumption of fibers on these other geographies. And if you analyze the FOEX Index for Europe published yesterday, it has not changed, when compared to the prior month. And we were seeing a spot of sales deviations that would be translated in a difference in price by the FOEX Index. So, this change in China, I think it has to do with the greater consumption of fibers, especially for the packaging sector.

About China itself, obviously that's a market that caused some concern, because several reasons, which you all know them. And I think the end of -- the light at the end of the tunnel is that in October is given, and when we start looking at November, we see greater stability. And what do I mean by that? Now, the imported price of pulp in China for the first time is lower than the retail price.

Of course, this has to do with an FX factor affecting it, but usually when the imported pulp price is lower than resale. This is start showing signs of greater stability and our

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expectation is that prices is starting in November and China will have greater stability and that this is going to remain for the next few months.

Also relevant is that, not all provinces in China have been affected by the energy outages, there are several places that have not been affected by this power outage. And that can be translated in a higher tissue production and possibility or an attempted to increase prices for tissue and maybe a movement to stabilize the pulp prices. Otherwise it's going to be difficult to increase prices for tissue. In terms of inventory levels, I believe they are going to drop that is because of volume deviations from China to other areas. So, I believe, we will have more stability in China in the next few months.

Q - Marcio Farid {BIO 22379440 <GO>}

Perfect. Thank you very much, Nico and Cristiano.

Operator

Our next question is in English by Mr.Carlos de Alba with Morgan Stanley. Go ahead sir.

Q - Carlos de Alba {BIO 15072819 <GO>}

Yes. Good morning, everyone. Thank you very much. Could you elaborate on the European pulp prices? They have been a stable on FOEX, but those are least prices. The discounts offered by producers increasing in a way that on a net basis the spread is not as large as you would apparently conclude just by looking at what FOEX report?

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Carlos. Here by the way, I want to compliment on the team. It is the very first time that we can hear Carlos de Alba's well. So, thank you for the question. I refer you to Nico.

A - Alexandre Nicolini {BIO 21861040 <GO>}

Well, Carlos, thank you for the question. Of course, I cannot speak on behalf of other producers, but in clubbing specific case, these additional sales to Europe, as I said before are based on in additional consumption of fiber sold at market price and under contracted conditions. No additional discount is being offered for greater volume.

Q - Carlos de Alba {BIO 15072819 <GO>}

That is very good to hear, Nico. And so, could you then elaborate a little bit more just on the comment that you made on inventories. Were you talking about inventories of pulp at the ports, or at the customer side? And any idea how the level of paper inventories are for your customers in China? Thank you very much.

Operator

Our next question is from Guilherme Rosito with Bank of America.

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Q - Guilherme Rosito {BIO 21390172 <GO>}

Hello. Good day. Congrats on the results. I have two questions. Relatively quick one. The first one about, Eukaliner. Where is the destination of Eukaliner you talked about Latin America, Europe and the United States?

My second question has to do with vertical integration of PM27. It is currently at 70%. Is this what you're comfortable with? Or do you intend to increase it? Thank you.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Thank you, Guilherme. Refer you to Flavio.

A - Flavio Deganutti {BIO 22267586 <GO>}

Thank you. Well, our strategy follows protein and the users, which are connected to Virgin Eukaliner and Kraftliner. In the world needs a light boxes, so Eukaliner talks with these business lines. The most natural destination and contracts are defined as such are: South America, Central America and Southern area, where is the main destinations our volumes exported.

A little bit going to North America markets and building on your second question, with benefit from that vertical integration, Klabin packaging benefits from this paper. It has an important piece of virgin fiber market in Brazil. And this is natural in our portfolio of products. And over there, we can offer boxes that benefit from Eukaliner.

And we have contracted 60% to 70% on volume already contracted and this is contracted for the next 12 months.

A - Cristiano Teixeira {BIO 17567319 <GO>}

Guilherme, I will just add to the question given, what I want to say is that, Klabin intense, of course, respecting market conditions competitors et cetera, but we intend to be great in everything that we produce. So, in Kraftliner, we want to be greater than we are today, and as a consequence, we want to increase absolute integration. But again, it's absolute integration. The percentage that will stay on the market, this is already considered a long-term relationship with box manufacturers around the world. So, we want to be great in packaging paper and great in integration in Brazil.

Q - Guilherme Rosito {BIO 21390172 <GO>}

Excellent. Thank you very much. And again, congratulations on the results.

Operator

We now end our Q&A session. I would like to turn the floor to Mr.Cristiano to share for his final remarks.

A - Cristiano Teixeira {BIO 17567319 <GO>}

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Thank you very much. And I would like to bring to you our perception for the fourth quarter of 2021. The fourth quarter is seasonably stronger and we should deliver a good cash generation measured by EBITDA, already boosted by the ramp up production of PM27. We will maintain our growth pace in 4Q '21, with consistent results, just as the ones from the prior quarters.

About sustainability, I'd like to reaffirm our full commitment to private sectors best practices in the world. And I highlight engagement of a team of Klabin's experts, supporting organizations in Brazil and in the world with a global agenda of climate changes. Klabin will be in COP26 with great enthusiasm and it's the only Brazilian company to be part of the business leaders group, which is led by Alok Sharma, COP's President.

We will keep looking for better methodologies to measure greenhouse gas emissions in a way to ensure full implementation of the Paris agreement. We will work towards the carbon market regulation and the tightening, and acceleration of transition actions of energy matrix. Klabin still persistent in its vision of growth and value generation in the long-term, focusing on people, innovation and sustainable development. Thank you all very much for your participation. And I expect it to be with you again in our next call.

Operator

The conference call of Klabin has ended. We thank you very much for your participation. Have a nice day.

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