

3Q14 Earnings Release

October 28, 2014

EBITDA of R$451 million in 3Q14 and R$1,210 million in 9M14, 8% up on 9M13

NET REVENUE **R$1,282 million**	Net revenue of R$1,282 million, 7% up on 3Q13. Year-to-date net revenue came to R$3,637 million, 8% more than in 9M13;
SALES VOLUME **467 thousand tonnes**	Sales volume totaled 467 thousand tonnes in 3Q14, 3% higher than in the same period last year, and 1,328 thousand tonnes in the first nine months, 1% up on 9M13;
ADUSTED EBITDA **R$451 mi**	Adjusted EBITDA of R$451 million, with a margin of 35%, 6% more than in 3Q13. In 9M14, EBITDA amounted to R$1,210 million, an 8% year-on-year improvement;
DEBT **2.4x**	Net debt/EBITDA ratio of 2.4x at the close of September, versus 1.7x at the end of June. In relation to 3Q13,the ratio remained flat;
CAPEX **R$871 million**	Klabin invested R$871 million in 3Q14, totaling more than R$2 billion year-to-date. Most of the funds were allocated to speeding up the Puma Project investment plan.

OCTOBER 28, 2014

KLABIN
Market cap **R$11 billion**

KLBN11
Closing price R$11.84
Daily traded vol. 3Q14 R$32 million

CONFERENCE CALL
Portuguese (with simultaneous translation)
Wednesday, 10/29/14, 9 a.m. (Brasília)
Phone: (11) 3193-1133 - Password: Klabin
webcall.riweb.com.br/klabin

IR
Antonio Sergio Alfano
Tiago Brasil Rocha
Daniel Rosolen
Lucia Reis
Marcos Maciel
+55 11 3046-8401
www.klabin.com.br/ri
invest@klabin.com.br

Klabin's consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS), as determined by CVM Instructions 457/07 and 485/10. Vale do Corisco's information is not consolidated, being represented in the financial statements by equity income. Adjusted EBITDA is in accordance with CVM Instruction 527/12.

R$ million	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Sales volume (thousand tonnes)	**467**	**419**	**453**	**12%**	**3%**	**1,328**	**1,313**	**1%**
% Domestic Market	69%	71%	69%	-2 p.p.	0 p.p.	68%	70%	-2 p.p.
Net Revenue	**1,282**	**1,151**	**1,203**	**11%**	**7%**	**3,637**	**3,363**	**8%**
% Domestic Market	76%	78%	74%	-2 p.p.	2 p.p.	75%	75%	0 p.p.
Adjusted EBITDA	**451**	**334**	**426**	**35%**	**6%**	**1,210**	**1,119**	**8%**
Adjusted EBITDA Margin	35%	29%	35%	6 p.p.	0 p.p.	33%	33%	0 p.p.
Net Income (loss)	**7**	**244**	**197**	**-97%**	**-96%**	**858**	**269**	**219%**
Net Debt	**4,028**	**2,824**	**3,595**	**43%**	**12%**	**4,028**	**3,595**	**12%**
Net Debt / EBITDA (LTM)	2.4x	1.7x	2.4x			2.4x	2.4x	
Capex	**871**	**653**	**270**	**33%**	**223%**	**2,029**	**616**	**230%**

Notes:
Due to rounding, some figures in tables and graphs may not result in a precise sum.
The Adjusted EBITDA margin is calculated on pro-forma net revenue, which includes revenue from Vale do Corisco.
LTM – Last twelve months

Summary

The third quarter of 2014 in Brazil was marked by the turbulent political scenario in the run-up to the presidential elections and the constant up-and-down trajectory of the polls, especially following the death of the then candidate, Eduardo Campos. The economic scenario, which had to take a back seat in view of the electoral turmoil, continued to show signs of low growth and high inflation, reflected in the report published by the risk rating agency Moody's, which downgraded the country's outlook from stable to negative. The Brazilian Central Bank, pursuing increased economic growth and lower inflation, has maintained the SELIC benchmark interest rate at 11% p.a. since April of this year.

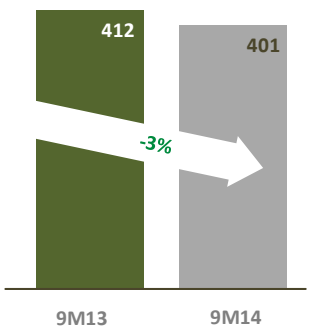
Abroad, the recovery of the U.S. economy has been strengthening the dollar against the world's other leading currencies, especially due to expectations of an upturn in the country's interest rates. In addition to indicating the United States as the driver of a possible global recovery, the stronger dollar also reflects increasing concern over the other major economies, especially the Chinese, which has generated a big decline in commodity prices in recent months.

Throughout 3Q14, the paper and packaging markets showed distinct behaviors in each sector. Preliminary figures from the Brazilian Corrugated Boxes Association (ABPO) indicate that Brazilian shipments reversed the second-quarter downturn and closed 2% up on 3Q13, primarily due to Brazilian food exports and the beginning of the end-of-year purchases. In the year-to-date comparison, the first-half downturn was also reversed and 9M14 recorded year-on-year growth of 1%.

On the other hand, data from the Brazilian Tree Industry (IBÁ, formerly Bracelpa) show that the second-quarter trend continued and sales of coated boards, excluding liquid packaging boards, fell by 3% in 3Q14 over 3Q13 and 3% in 9M14 over 9M13.

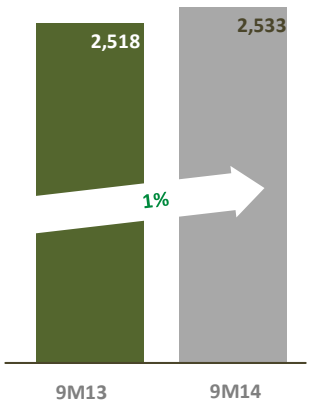
In the international kraftliner market, average prices showed little change throughout 3Q14 and closed September at the same level as at the end of June. According to the FOEX index, the European list price averaged €550/t in the quarter. In the first nine months, prices in reais increased by 4% year-on-year due to the variation in the exchange rate.

Brazilian coated boards shipments
(thousand tonnes)



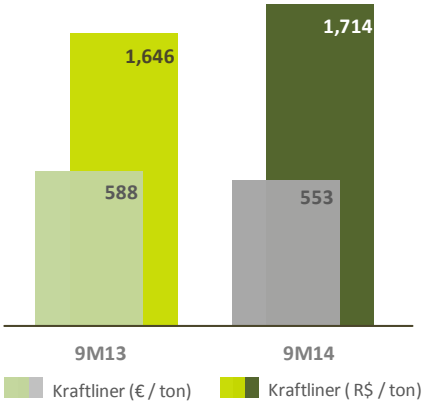
Source: IBÁ

Brazilian corrugated shipments
(thousand tonnes)



Source: ABPO

Kraftliner brown 175 g/m² list price
(€/tonne and R$/tonne)



Source: FOEX

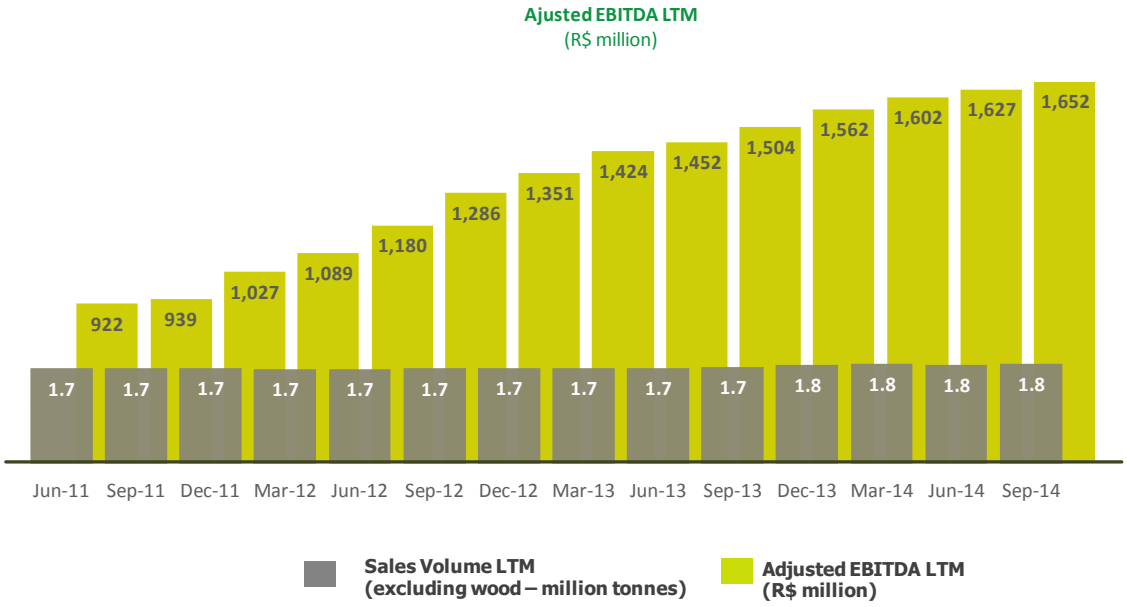
Given typical third-quarter seasonality, the improvement in the corrugated boxes market, and the Company's positioning in more resilient sectors in Brazil's paper and packaging market,

Klabin's domestic sales recorded an upturn, climbing by 3% over 3Q13 to 324 thousand tonnes, and by 9% over the previous quarter, even against a background of low economic growth.

Also in 3Q14, the ramp-up of Paper Machine 9 in Monte Alegre (PR), following the remodeling designed to increase coated board capacity, impacted sales volume, especially the portion routed to the export market. However, with the more favorable exchange rate, the increase in exports of packaging paper following installation of the sack kraft machine in Correia Pinto at the end of 2013 fueled total export volume which grew by 3% over 3Q13 and 17% over 2Q14.

Klabin's flexibility allowed it to rapidly route products to the more buoyant markets, leading to greater domestic and export volume. As a result, net revenue totaled R$1,282 million in the third quarter, 7% up on 3Q13, and R$3,637 million year-to-date, 8% more than in 9M13. With higher revenue and the continuation of the cost-cutting efforts, Klabin continued to record sustainable operating cash flow growth.

EBITDA totaled R$451 million in 3Q14, with a margin of 35%, and R$1,210 million in 9M14, 8% up year-on-year, accompanied by a margin of 33%. As a result, LTM EBITDA came to R$1,652 million, recording its 13th consecutive quarterly upturn.



Exchange Rate

In July and August, the R$/US$ exchange rate hovered for most of the time between R$2.20/US$ and R$2.25/US$, mainly due to the Central Bank's interventions. In September, however, uncertainties regarding the global economic scenario and the result of the Brazilian presidential elections led to a major devaluation of the real, which closed the quarter at R$2.45/US$, 11% up on the end of 2Q14. The average rate was R$2.27/US$, 2% up on 2Q14 and flat over 3Q13. In 9M14, the average exchange rate was 8% higher than in 9M13. Compared with the end of 2013, the real depreciated by 5%.

R$ / US$	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Average Rate	2.27	2.23	2.29	2%	-1%	2.29	2.12	8%
End Rate	2.45	2.20	2.23	11%	10%	2.45	2.23	10%

Source: Bacen

Operating and financial performance

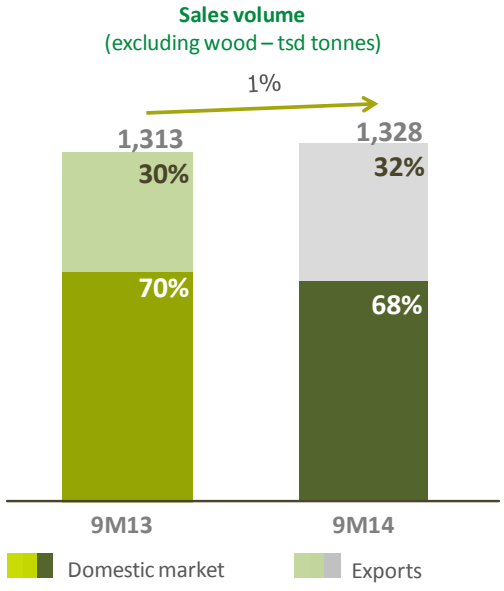
Sales Volume

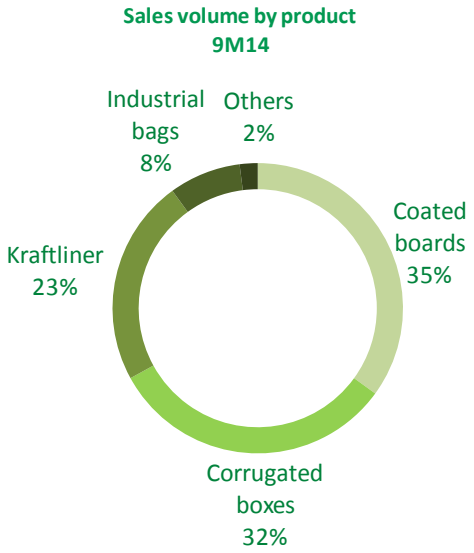
Third-quarter sales volume, excluding wood, totaled 467 thousand tonnes, 3% up on 3Q13, despite reduced coated board output from Paper Machine 9, currently in the ramp-up phase following its remodeling in June of this year. This growth was fueled by higher sales volume thanks to new sack kraft machine in Correia Pinto, installed at the end of 2013, and Klabin's good positioning in the corrugated boxes market.

On the domestic market, the flexibility of the Company's product line played a crucial role, allowing improved sales volume in the corrugated boxes chain in a market which, in addition to the positive seasonal impacts, recorded year-on-year growth of 2%. In the local coated boards market, which fell by 3% over 3Q13, Klabin´s sales volume downturn was only 2%.

Export volume also moved up over 3Q13, despite the lower volume of coated boards available for sale, climbing by 3%, led by kraftliner and sack kraft. This volume accounted for 31% of total sales in the quarter, the same ratio as in 3Q13.

Sales volume totaled 1,328 thousand tonnes in 9M14, 1% up on the first nine months of 2013. Exports represented 32% of the total, versus 30% in 9M13.





Net Revenue

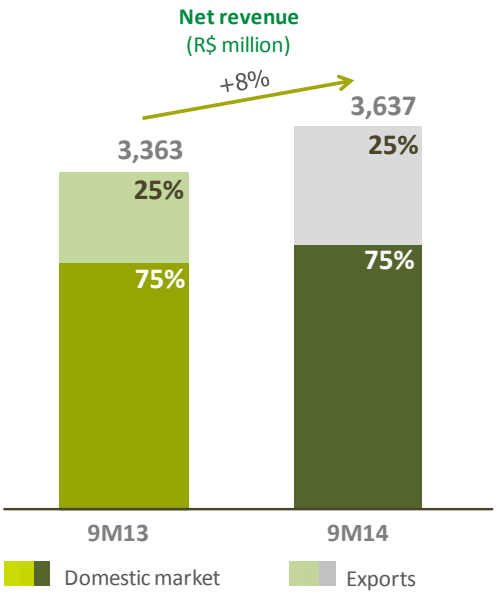
Third-quarter net revenue, including wood, increased by 7% over 3Q13, reaching R$1,282 million, influenced by higher sales volume and a change in the period product and market mix.

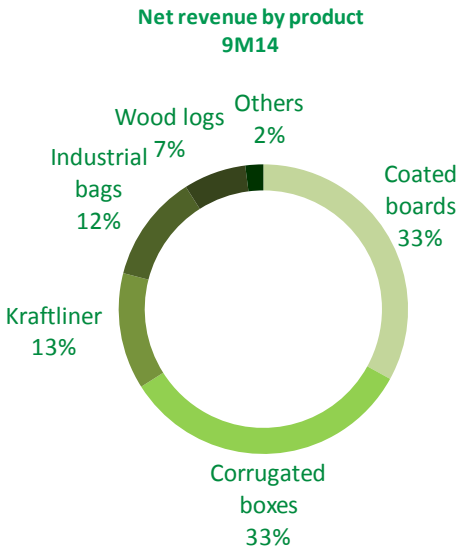
With higher sales of corrugated boxes, 3Q14 domestic market net revenue increased by 9% year-on-year to R$973 million. The domestic market accounted for 76% of total net revenue, versus 74% in 3Q13 and 78% in 2Q14.

Export revenue, impacted by reduced shipments of coated boards, partially offset by higher kraftliner sales volume, totaled R$310 million, flat over 3Q13.

As a result, year-to-date net revenue came to R$3,637 million, 8% more than in 9M13, reflecting the upturn in sales volume and the Company's ability to adapt to different economic scenarios throughout the year, benefiting from the flexibility of its product mix in its various markets.

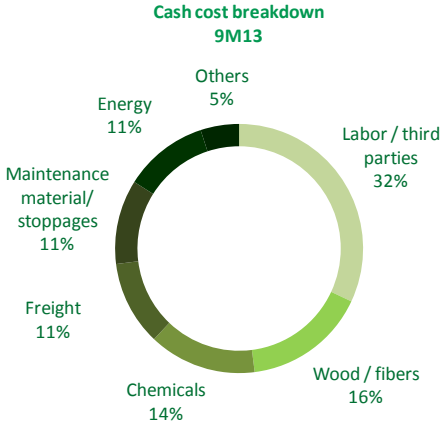
Pro-forma net revenue, including Klabin's proportional share of revenue from Florestal Vale do Corisco S.A., came to R$1,297 million in the quarter and R$3,680 million in the first nine months.

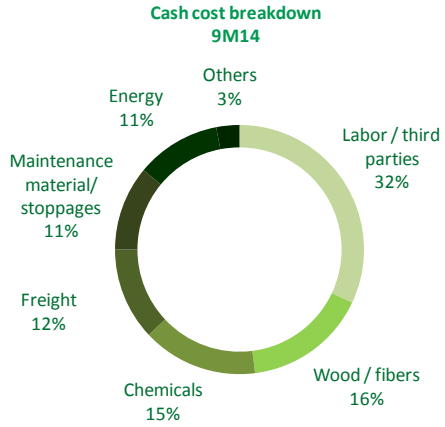




Operating Costs and Expenses

The impact of the exchange variation and the increase in production input inflation, especially in regard to chemicals, energy and fuel oil, as well as higher freight and personnel expenses, impacted the Company's costs throughout 2014. As a result, the year-to-date **unit cash cost** came to R$1,848/t, 7% up on 9M13.





In 3Q14, the **unit cash cost** stood at R$1,796/t, 3% up year-on-year. The lower volume of paper purchases following the installation of the new sack kraft machine at the end of 2013 and the reduction in general and administrative expenses offset the price pressure from raw materials, especially chemicals and fuel.

The **cost of goods sold,** excluding depreciation, depletion and amortization, came to R$1,474/t, 7% up on 3Q13, chiefly due to the upturn in the variable cost arising from inflationary pressure on input prices, partially offset by the reduced volume of paper purchases following the installation of the Correia Pinto machine.

Selling expenses totaled R$98 million in the quarter, 6% higher than in 3Q13. Despite the higher nominal value of these expenses, which are mostly variable, they represented only 7.8% of net revenue, versus 7.9% in 3Q13. Year-to-date selling expenses amounted to R$284 million, 7% more than 9M13.

Administrative expenses came to R$69 million, 4% down year-on-year, due to non-recurring expenses in 3Q13. In the first nine months, administrative expenses totaled R$215 million, 6% up on the same period last year.

Other operating revenue (expenses) resulted in revenue of R$15 million in 3Q14. In the first nine months, this line was positive by R$42 million.

Effect of the variation in the fair value of biological assets

The **effect of the variation in the fair value of biological assets** was a gain of R$253 million in 3Q14, primarily due to the growth of forests that were recognized at their fair value, and the variation in the wood price index used to calculate this value. In the same period, the effect of the **depletion of the fair value of biological assets** on the cost of goods sold was R$139 million.

As a result, the non-cash impact of the variation in the fair value of biological assets on 3Q14 operating income (EBIT) was a gain of R$114 million.

Operating Cash Flow (EBITDA)

R$ million	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Net Income (loss)	**7**	**244**	**197**	**-97%**	**-96%**	**858**	**269**	**219%**
(+) Income taxes and social contribution	(9)	96	81	N/A	N/A	412	83	399%
(+) Net Financial Revenues	499	(138)	89	N/A	458%	195	491	-60%
(+) Depreciation, amortization, depletion	222	258	213	-14%	4%	657	550	19%
Adjustments according to IN CVM 527/12 art. 4º								
(-) Biological assets adjustment	(253)	(130)	(148)	95%	71%	(904)	(280)	223%
(-) Equity Pickup	(23)	(6)	(15)	297%	52%	(34)	(17)	98%
(+) Vale do Corisco	8	10	9	-13%	-11%	27	25	9%
Ajusted EBITDA	**451**	**334**	**426**	**35%**	**6%**	**1,210**	**1,119**	**8%**
Adjusted EBITDA Margin	35%	29%	35%	6 p.p.	0 p.p.	33%	33%	0 p.p.

N / A - Not applicable

Note: EBITDA margin is calculated considering the pro forma net revenue, which includes Vale do Corisco

Even in a quarter marked by distinct behaviors in the packaging and paper markets and by the impact on sales volume of the remodeling of the coated boards machine in Monte Alegre, once again the product mix gave the Company a unique positioning, reflected in both domestic and export sales growth. With no relevant maintenance stoppages, Klabin's flexibility to operate in different markets resulted in further growth over last year.

In the third quarter, **operating cash flow (adjusted EBITDA)** came to R$451 million, 6% more than in 3Q13, with an adjusted EBITDA margin of 35%. In 9M14, EBITDA totaled R$1,210 million, 8% up year-on-year, with a margin of 33%.

This amount includes Klabin's share of Florestal Vale do Corisco Ltda., which stood at R$8 million in 3Q14 and R$27 million in 9M14.

Indebtedness and Financial Investments

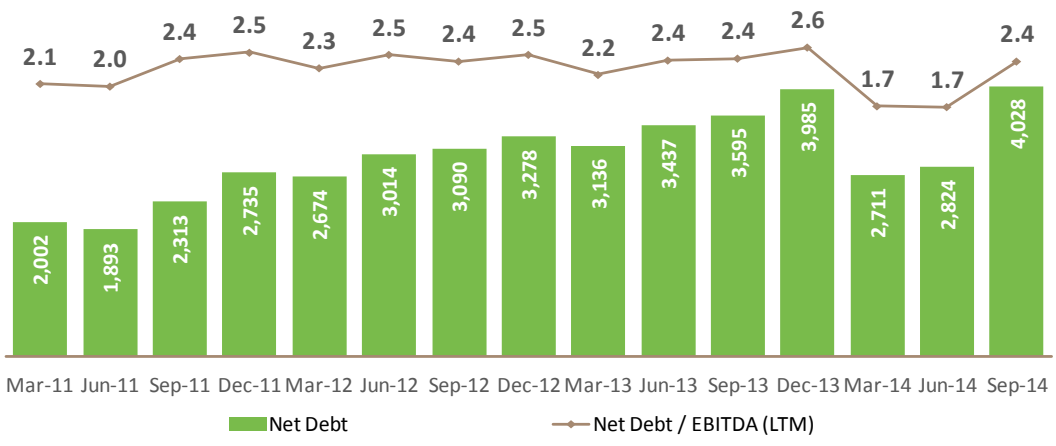
Gross debt totaled R$10,323 million on September 30, 2014, R$1,977 million more than at the close of 2Q14, chiefly due to the US$500 million international bond issue in July and the devaluation of the real. Of this total, R$6,322 million, or 62% (US$2,579 million) was denominated in dollars, primarily export pre-payment facilities.

Cash and financial investments closed the quarter at R$6,295 million, R$773 million more than in 2Q14, reinforced by the above-mentioned bond issue and reduced by period investments, especially in the Puma Project, and exceeding financing amortizations in the next 60 months. Of this total, R$1,529 million was dollar-denominated.

Consolidated **net debt** totaled R$4,028 million on September 30, R$1,204 million more than the R$2,824 million recorded on June 30, due to investments in the quarter and the accounting impact of the exchange variation on dollar-denominated debt, partially offset by the Company's strong operating cash flow. As a result, the **net debt/adjusted EBITDA ratio** closed the third quarter at 2.4x, 0.2x lower than at the end of 2013.

After the bond issue, the **average maturity term** was extended to 53 months (43 months for local-currency financing and 59 months for foreign-currency funding). Short-term debt accounted for 15% of the total and borrowing rates in local and foreign currency averaged 8.11% p.a. and 5.13% p.a., respectively.

Net Debt
(R$ million)



Klabin

Debt (R$ million)	09/30/2014		06/30/2014	
Short term				
Local currency	850	8%	566	7%
Foreign currency	663	7%	634	7%
Total short term	**1,513**	**15%**	**1,200**	**14%**
Long term				
Local currency	3,151	30%	3,153	38%
Foreign currency	5,659	55%	3,993	48%
Total long term	**8,810**	**85%**	**7,146**	**86%**
Total local currency	4,001	38%	3,719	45%
Total foreign currency	6,322	62%	4,627	55%
Gross debt	**10,323**		**8,346**	
(-) Cash	6,295		5,522	
Net debt	**4,028**		**2,824**	
Net debt / EBITDA (LTM)	**2.4x**		**1.7x**	

Financial Result

Financial expenses totaled R$227 million in 3Q14, 119% more than in 3Q13, and R$430 million in the first nine months, up by 42% on 9M13, chiefly due to the increase in Klabin's gross debt and the higher interest rates practiced in Brazil.

Financial revenue came to R$149 million, 173% up year-on-year and 12% more than in 2Q14, impacted by increased gains from financial investments following the upturn in the Company's cash position and higher Brazilian interest rates.

Consequently, the 3Q14 **financial result**, excluding the exchange variation, was negative by R$77 million, versus a negative R$49 million in 3Q13. The year-to-date financial result was negative by R$26 million, versus a negative R$156 million in 9M13.

The exchange rate closed the quarter 11% up on the end of June 2014. As a result, the **net foreign exchange variation** was negative by R$421 million. Note that the exchange variation has an exclusively accounting effect on the Company's balance sheet, with no significant cash effect in the short term.

Business Performance

Consolidated information by business unit in 9M14:

R$ million	Forestry	Papers	Conversion	Consolidation	Total
Net revenue					
Domestic market	262	944	1,526	-	2,732
Exports	-	792	113	-	905
Third part revenue	**262**	**1,736**	**1,639**	-	**3,637**
Segments revenue	428	819	10	(1,257)	-
Total net revenue	**690**	**2,555**	**1,649**	(1,257)	**3,637**
Change in fair value - biological assets	904	-	-	-	904
Cost of goods sold	(863)	(1,701)	(1,347)	1,257	(2,654)
Gross income	**731**	**854**	**302**	-	**1,887**
Operating expenses	(12)	(239)	(168)	(4)	(423)
Operating results before financial results	**719**	**615**	**134**	(4)	**1,464**

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

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

BUSINESS UNIT - FORESTRY

thousand tonnes	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Wood	814	887	794	-8%	3%	2,399	2,124	13%
R$ million								
Wood	86	95	91	-9%	-6%	265	236	12%

Throughout the quarter, the Company continued to increase its wood sales volume to third parties, fueled by increased exports of wood products by Klabin clients, essentially plywood and moldings, following the upturn in the U.S. construction indices.

Log sales to third parties climbed by 3% over 3Q13, reaching 814 thousand tonnes, while year-to-date sales came to 2,399 thousand tonnes, 13% more than in 9M13.

Net revenue from wood sales totaled R$86 million in 3Q14, 6% down year-on-year, reflecting the difference in the log sales mix. In the first nine months, log revenue came to R$265 million, 12% higher than in 9M13.

BUSINESS UNIT - PAPER

thousand tonnes	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Kraftliner DM	38	35	39	10%	-3%	105	116	-9%
Kraftliner EM	71	52	54	37%	32%	194	145	34%
Total Kraftliner	**109**	**86**	**93**	**26%**	**17%**	**300**	**261**	**15%**
Coated boards DM	96	86	97	11%	-2%	271	273	-1%
Coated boards EM	64	63	77	2%	-16%	200	227	-12%
Total Coated boards	**160**	**149**	**174**	**7%**	**-8%**	**471**	**500**	**-6%**
Total Paper	**269**	**236**	**267**	**14%**	**1%**	**770**	**761**	**1%**
R$ million								
Kraftliner	174	134	153	29%	13%	479	411	17%
Coated boards	419	377	427	11%	-2%	1,211	1,178	3%
Total Paper	**593**	**511**	**580**	**16%**	**2%**	**1,690**	**1,589**	**6%**

Kraftliner

Kraftliner and sack craft sales in 3Q14 moved up by 17% year-on-year to 109 thousand tonnes, fueled by the additional capacity provided by the sack kraft machine in Correia Pinto (SC), installed in November 2013, and the upturn in exports. Taking advantage of the more favorable exchange rate at the end of the quarter, packaging paper shipments totaled 71 thousand tonnes, 32% up on 3Q13.

Throughout 9M13, kraftliner list prices disclosed by FOEX averaged €553/t, versus €588/t in the same period last year, while the average price in reais climbed by 4% due to the period currency devaluation. The domestic market remained stable.

Thanks to the upturn in sales volume and the impact of the higher exchange rate on exports, net revenue increased by 13% over 3Q13 to R$174 million. Year-to-date net kraftliner sales totaled R$479 million, 17% up on 9M13.

Coated Boards

Third-quarter coated board output was jeopardized by the post-remodeling ramp-up of Paper Machine 9 in the Monte Alegre plant, which reduced the sales volume of this product. Despite the healthy recovery after its debottlenecking stoppage in June of this year, Machine 9 will require some months to reach operational stability, resulting in a 17 thousand tonnes production loss in 3Q14 over the planned pre-remodeling figure.

As for the market, according to the IBÁ the weak performance of certain economic sectors led to a further 3% year-on-year decline in domestic demand for coated boards, excluding liquid packaging boards. Given more product available for sale, domestic coated board sales volume in the third quarter, including liquid packaging boards, fell by 2% over 3Q13 to 96 thousand tonnes. Coated board exports totaled 64 thousand tonnes in 3Q14, 16% down year-on-year.

However, the improved sales mix partially offset the decline in sales volume and net revenue fell by just 2% over 3Q13 to R$419 million. Net revenue in the first nine months grew by 3% year-on-year, despite the 6% decline in sales volume.

BUSINESS UNIT - CONVERSION

thousand tonnes	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Total conversion	185	178	175	4%	6%	536	518	3%
R$ million								
Total conversion	569	534	518	7%	10%	1,627	1,494	9%

In 3Q14, the Brazilian packaging market reversed the downward trend evident in the first half of the year. According to the Brazilian Corrugated Boxes Association (ABPO), the market closed 2% up on 3Q13, reflecting the seasonal improvement triggered by the end-of-year purchases and the resupply of the corrugated boxes chain following the reduced shipments in May and June. In addition, certain non-durable consumer goods sectors, such as beverages and meatpacking, continued to record a healthy performance. In this context, Klabin continued to benefit from its strategic commercial positioning and the growth of the Brazilian corrugated boxes market.

In relation to the sack market, the construction industry posted a slight recovery over the second quarter, as is normal at this time of the year. Nevertheless, the numbers are still disappointing. Given that the National

Cement Industry Association (SNIC) has ceased publishing Brazilian cement sales figures since May, it has become more difficult to monitor this market. However, the construction confidence index published by the Getulio Vargas Foundation (FGV) fell by 12% between September 2013 and 2014, reflected in cement sales and, consequently, sales of industrial sacks.

With corrugated boxes sales pushed by the more buoyant markets and stronger sales volume to the construction industry at this time of year, converted product sales totaled 185 thousand tonnes, 6% up on 3Q13. Year-to-date sales volume stood at 536 thousand tonnes, 3% up year-on-year.

Third-quarter net revenue climbed by 10% over 3Q13, reaching R$569 million, while year-to-date net revenue came to R$1,627 million, 9% up on 9M13.

Capex

R$ million	3Q14	9M14
Forestry	25	70
Maintenance	80	218
Special projects and growth	99	262
Puma Project	666	1,479
Total	**870**	**2,029**

Klabin invested R$870 million in 3Q14 led by investments in the new pulp plant in Ortigueira (PR). Of this total, R$80 million went to the continuity of mill operations, R$25 million to forestry operations, R$99 million to special projects and capacity expansions, and R$666 million to the Puma Project. In the first nine months, investments totaled R$2,029 million, mainly related to expenditures with the Puma Project, which totaled R$1,479 million.

The new recycled paper machine in Goiana, with a capacity of 110 thousand tonnes/year is scheduled for start-up at the beginning of 2015, as are the remodeled Piracicaba and Angatuba machines, which will jointly add 50 thousand tonnes/year of recycled paper.

Puma Project

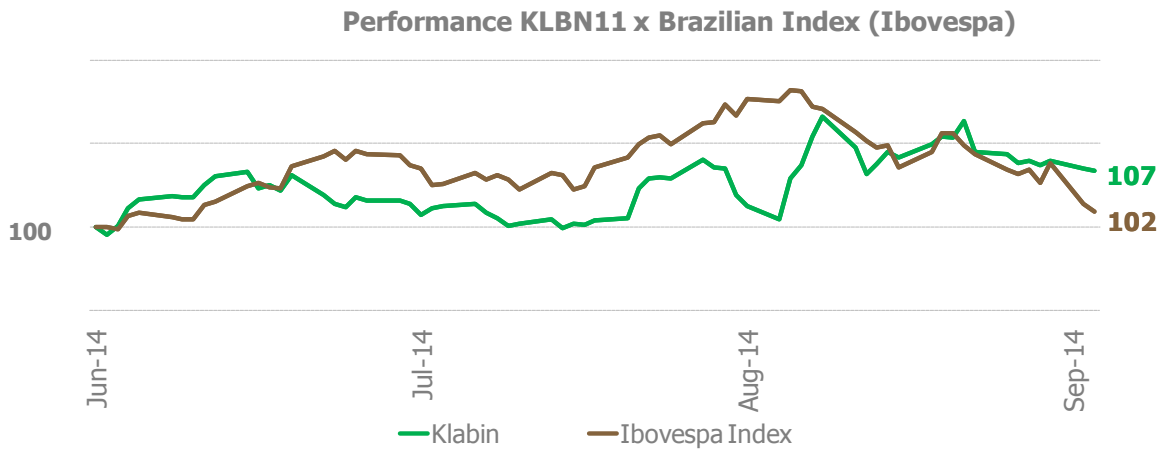
The Puma Project works are currently employing more than 5,000 people, and their execution has absorbed R$1,577 million since the beginning of 2013, equivalent to more than 20% of total investments. In 3Q14, the project advanced on all fronts, including construction, equipment assembly and logistics infrastructure.

All the project coordination efforts have kept installation within the initial budget and schedule and the safety record has been excellent, with a very low level of accidents. As a result, the project's physical completion curve closed September at 20%, in line with the progress planned before the beginning of the works.

Capital Market

Shares

Klabin's Units (KLBN11) moved up by 7% in 3Q14, while the Ibovespa Index appreciated by 2%. Klabin's Units were traded in all sessions of the BM&FBovespa, totaling 352 thousand trades involving 178 million shares, giving average daily traded volume of R$32 million at the end of the period.



Klabin's capital stock is represented by 4,730 million shares, 1,769 million of which common shares and 2,961 million preferred shares. Klabin's shares are also traded on the U.S. over-the-counter market as Level 1 ADRs, under the ticker KLBAY.

Fixed Income

Bond Issue

On July 9, 2014, Klabin, through its subsidiary Klabin Finance S.A., concluded a Notes issue maturing in 10 years, totaling US$500 million and yielding 5.25% p.a. The operation gave the Company access to a new financing source and extended the average term of its debt. The bonds are traded on the secondary market of the Luxembourg Stock Exchange.

Conference Call

Portuguese (with simultaneous translation)

Wednesday, October 29, 2014 – 9:00 a.m. (Brasília).

Password: Klabin

Phone: (11) 3193-1133 or (11) 2820-4133

Replay: (11) 3193-1012 or (11) 2820-4012 – Password: 2133982#

The conference call will also be broadcast via the internet.

Access: http://webcall.riweb.com.br/klabin

English (with simultaneous translation)

Wednesday, October 29, 2014 – 7:00 a.m. (EDT).

Password: Klabin

Phone: U.S. participants: 1-888-700-0802

International participants: 1-786-924-6977

Brazilian participants: (55 11) 3193-1133

Replay: (55 11) 3193-1012 or (55 11) 2820-4012 – Password: 5176977#

The conference call will also be broadcast via the internet.

Access: http://webcall.riweb.com.br/klabin/english

With gross revenue of R$5.6 billion in 2013, **Klabin** is the largest integrated manufacturer, exporter and recycler of packaging paper in Brazil, with an annual production capacity of 1.9 million tonnes. Klabin has adopted a strategic focus on the following businesses: paper and coated boards for packaging, corrugated boxes, industrial sacks and wood logs. It is the leader in all of its market segments.

The statements in this earnings release concerning the Company's business prospects, projected operating and financial results and potential growth are merely projections and were based on Management's expectations regarding the Company's future. These expectations are highly susceptible to changes in the market, the general performance of the Brazilian economy, the industry and the international markets, and are therefore subject to change.

Appendix 1
Consolidated Income Statement (R$ thousands)

(R$ thousand)	3Q14	2Q14	3Q13	Δ 3Q14/2Q14	Δ 3Q14/3Q13	9M14	9M13	Δ 9M14/9M13
Gross Revenue	**1,540,725**	**1,399,323**	**1,447,775**	**10%**	**6%**	**4,381,858**	**4,068,619**	**8%**
Net Revenue	**1,282,208**	**1,151,093**	**1,202,919**	**11%**	**7%**	**3,636,772**	**3,363,116**	**8%**
Change in fair value - biological assets	252,784	129,604	148,051	95%	71%	904,460	279,927	223%
Cost of Products Sold	(909,269)	(941,718)	(834,943)	-3%	9%	(2,653,839)	(2,361,884)	12%
Gross Profit	**625,723**	**338,979**	**516,027**	**85%**	**21%**	**1,887,393**	**1,281,159**	**47%**
Selling Expenses	(98,218)	(87,474)	(92,737)	12%	6%	(283,873)	(265,861)	7%
General & Administrative Expenses	(69,367)	(72,882)	(72,626)	-5%	-4%	(215,179)	(203,860)	6%
Other Revenues (Expenses)	15,384	17,459	876	-12%	1656%	41,800	12,814	226%
Total Operating Expenses	**(152,201)**	**(142,897)**	**(164,487)**	**7%**	**-7%**	**(457,252)**	**(456,907)**	**0%**
Operating Income (before Fin. Results)	**473,522**	**196,082**	**351,540**	**141%**	**35%**	**1,430,141**	**824,252**	**74%**
Equity pickup	**23,032**	**5,807**	**15,187**	**297%**	**52%**	**34,381**	**17,375**	**98%**
Financial Expenses	(226,858)	(97,103)	(103,541)	134%	119%	(429,963)	(303,683)	42%
Financial Revenues	149,317	133,008	54,597	12%	173%	403,561	148,154	172%
Net Foreign Exchange Losses	(420,967)	101,614	(40,329)	N/A	944%	(168,820)	(334,986)	-50%
Net Financial Revenues	**(498,508)**	**137,519**	**(89,273)**	**N/A**	**458%**	**(195,222)**	**(490,515)**	**-60%**
Net Income before Taxes	**(1,954)**	**339,408**	**277,454**	**N/A**	**N/A**	**1,269,300**	**351,112**	**262%**
Income Tax and Soc. Contrib.	8,963	(95,890)	(80,606)	N/A	N/A	(411,599)	(82,535)	399%
Net income	**7,009**	**243,518**	**196,848**	**-97%**	**-96%**	**857,701**	**268,577**	**219%**
						-	-	0%
Depreciation and amortization	222,366	257,832	213,480	-14%	4%	656,749	549,804	19%
Change in fair value of biological assets	(252,784)	(129,604)	(148,051)	95%	71%	(904,460)	(279,927)	223%
Vale do Corisco	8,326	9,550	9,312	-13%	-11%	27,264	25,070	9%
Adjusted EBITDA	**451,430**	**333,860**	**426,281**	**35%**	**6%**	**1,209,694**	**1,119,199**	**8%**

Klabin

Appendix 2
Consolidated Balance Sheet (R$ thousands)

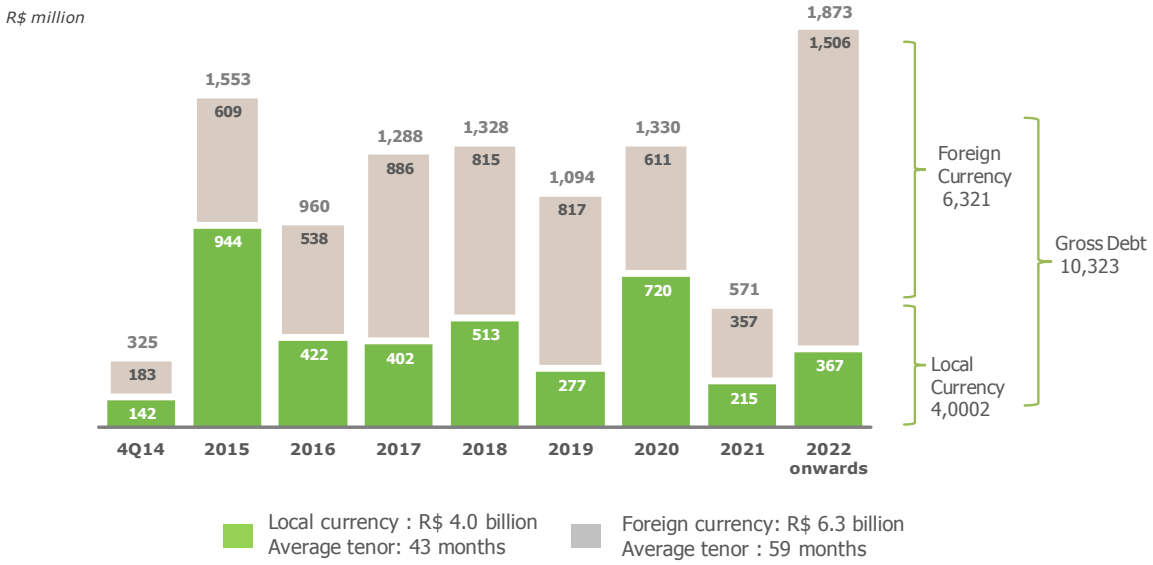
Assets	sep-14	jun-14
Current Assets	**8,280,187**	**7,369,835**
Cash and banks	298,629	378,892
Short-term investments	5,512,455	4,672,149
Securities	484,218	471,337
Receivables	1,130,303	1,026,780
Inventories	532,669	530,459
Recoverble taxes and contributions	253,947	231,564
Other receivables	67,966	58,654
Noncurrent Assets	**12,433,723**	**11,471,205**
Long term		
Taxes to compensate	354,036	132,678
Judicial Deposits	88,032	85,545
Other receivables	207,798	200,790
Other investments	485,662	472,830
Property, plant & equipment, net	7,449,838	6,858,998
Biological assets	3,836,680	3,708,818
Intangible assets	11,677	11,546
Total	**20,713,910**	**18,841,040**

Liabilities and Stockholders' Equity	sep-14	jun-14
Current Liabilities	**2,195,696**	**1,867,131**
Loans and financing	1,286,461	1,200,082
Debentures	226,412	0
Suppliers	341,930	332,678
Income tax and social contribution	0	32,335
Taxes payable	56,927	47,327
Salaries and payroll charges	143,458	131,470
Dividends to pay	0	0
REFIS Adherence	50,400	50,400
Other accounts payable	90,108	72,839
Noncurrent Liabilities	**11,227,289**	**9,539,153**
Loans and financing	7,791,099	5,984,195
Debentures	1,018,755	1,162,158
Deferred income tax and social contribution	1,743,577	1,716,346
Other accounts payable - Investors SCPs	129,443	129,024
REFIS Adherence	387,045	389,274
Other accounts payable	157,370	158,156
Stockholders´Equity	**7,290,925**	**7,434,756**
Capital	2,271,500	2,271,500
Capital reserve	1,295,919	1,295,919
Revaluation reserve	48,789	48,914
Profit reserve	2,776,061	2,920,919
Valuation adjustments to shareholders'equity	1,056,267	1,052,896
Treasury stock	(157,611)	(155,392)
Total	**20,713,910**	**18,841,040**

Klabin

Appendix 3
Loan Maturity Schedule – September 30, 2014

R$ million	4Q14	2015	2016	2017	2018	2019	2020	2021	2022 onwards	Total
BNDES	117	517	252	241	228	176	80	41	82	**1,736**
Others	25	121	40	27	180	51	218	124	235	**1,021**
Debentures Interests	0	306	130	134	104	50	421	50	50	**1,245**
Local Currency	**142**	**944**	**422**	**402**	**513**	**277**	**720**	**215**	**367**	**4,002**
Trade Finance	133	456	221	531	610	628	449	330	235	**3,593**
Fixed Assets	7	24	23	33	39	44	38	27	45	**279**
Bonds	13	-	-	-	-	-	-	-	1,226	**1,239**
Others	29	130	295	321	166	146	124	-	-	**1,210**
Foreign Currency	**183**	**609**	**538**	**886**	**815**	**817**	**611**	**357**	**1,506**	**6,321**
Gross Debt	**325**	**1,553**	**960**	**1,288**	**1,328**	**1,094**	**1,330**	**571**	**1,873**	**10,323**



	Average Cost	Average Tenor
Local Currency	8.11 % p.y.	43 months
Foreign Currency	5.13 % p.y.	59 months
Gross Debt		53 months

Klabin

Appendix 4
Consolidated Cash Flow Statement (R$ thousands)

	9M14	9M13
Cash flow from operating activities	**1,112,447**	**815,348**
Operating activities	**1,528,959**	**758,935**
. Net income	857,701	268,577
. Depreciation and amortization	195,302	174,228
. Change in fair value - biolgical assets	(904,460)	(279,927)
. Depletion in biological assets	461,447	375,576
.Income taxes and social contribution	523,747	(87,233)
. Interest and exchange variation on loans and financing	660,708	620,798
Payment of interest on loans	(290,437)	(235,253)
. Interest, exchange variation and profit sharing of debentures	25,035	-
. Variation of the present value of debentures	36,697	-
. REFIS Reserve	32,137	26,341
. Equity results	(8,263)	3,651
. Results on Equity Pickup	(34,381)	(17,375)
. Deferred income taxes and social contribution	(9,479)	(82,701)
. Others	(16,795)	(7,747)
Variations in Assets and Liabilities	**(416,512)**	**56,413**
. Receivables	14,214	(91,629)
. Inventories	(36,817)	(16,147)
. Recoverable taxes	(354,770)	127,885
. Marketable Securities	(234,707)	(3,793)
. Prepaid expenses	9,200	5,086
. Other receivables	4,845	30,464
. Suppliers	186,148	35,899
. Taxes and payable	(4,580)	(16,920)
. Salaries, vacation and payroll charges	16,102	4,765
. Other payables	(16,147)	(19,197)
Net Cash Investing Activities	**(2,001,720)**	**(586,151)**
. Purchase of property, plant and equipment	(1,957,082)	(561,364)
. Cust biological assets planting (ex taxes)	(71,682)	(54,276)
. Income of assets sale	11,744	14,189
. Sale of property, plant and equipment	15,300	15,300
Net Cash Financing Activities	**3,970,485**	**(572,333)**
. New loans and financing	2,601,863	421,836
. Debentures capitalization	2,470,151	-
. Loan amortization	(858,171)	(829,778)
. Dividends payed	(242,069)	(216,074)
. Stocks repurchase	(5,822)	(2,999)
. Stocks disposal	5,391	4,894
. Minority shareholders entry	-	50,000
. Minority shareholders exit	(858)	(212)
Increase (Decrease) in cash and cash equivalents	**3,081,212**	**(343,136)**
Cash and cash equivalents at beginning of period	**2,729,872**	**2,517,312**
Cash and cash equivalents at end of period	**5,811,084**	**2,174,176**

Klabin