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**2017**

Earnings Release

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## 4Q17 Earnings Release

Eucatex (B3: EUCA3 and EUCA4), one of the largest manufacturers of panels in Brazil, with operations also in the paint and varnish, laminated flooring, partitions and doors segments, announces today its results for the fourth quarter of 2017 (4Q17). The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS). Except where stated otherwise, the amounts are in millions of Brazilian real (R\$ million) and comparisons are with the same period the previous year.

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## Highlights

### 4Q17

**Net Revenue of R\$318.3 million (+11.9%)**

**Recurring EBITDA of R\$59.5 million (+27.3%), with margin of 18.7%**

**Recurring Net Income of R\$18.6 million (+32.8%)**

### 2017

**Net Revenue of R\$1,205.4 million (+5.3%)**

**Recurring EBITDA of R\$212.7 million (+14.5%), with margin of 17.6%**

**Recurring Net Income of R\$65.3 million (+21.9%)**

Amounts in R\$ million	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
Net Revenue	318.3	284.5	11.9%	1,205.4	1,144.5	5.3%
Gross Income	85.1	85.7	-0.7%	334.5	323.4	3.4%
Gross Margin (%)	26.8%	30.1%	-3.4 p.p.	27.7%	28.3%	-0.5 p.p.
EBITDA adjusted by non-cash events	43.2	43.8	-1.6%	189.4	165.9	14.1%
EBITDA Margin (%)	13.6%	15.4%	-1.8 p.p.	15.7%	14.5%	1.2 p.p.
Net Income	2.3	11.1	-79.4%	41.9	33.6	24.9%
<b>Recurring Net Income</b>	<b>18.6</b>	<b>14.1</b>	<b>32.1%</b>	<b>65.3</b>	<b>53.6</b>	<b>21.9%</b>
Net Debt	331.0	306.8	7.9%	331.0	306.8	7.9%
Net Debt / EBITDA (LTM)	1.4	1.6	-15.1%	1.6	1.7	-5.7%
<b>Recurring Adjusted EBITDA</b>	<b>59.5</b>	<b>46.8</b>	<b>27.1%</b>	<b>212.7</b>	<b>185.9</b>	<b>14.4%</b>
<b>Recurring Adjusted EBITDA Margin (%)</b>	<b>18.7%</b>	<b>16.5%</b>	<b>2.2 p.p.</b>	<b>17.6%</b>	<b>16.2%</b>	<b>1.4 p.p.</b>



## Management Comments

The year 2017 ended with more optimistic expectations for 2018 based on the performance of key indicators that affect the Company's business. The year was marked by the continued reduction in the interest rates and in inflation, which ended the year below the target, positively influencing economic activity, which maintained its trajectory of mild improvement. Another factor for this positive result was the release of inactive accounts of workers' severance funds (FGTS), which drove the increase in household consumption, reduction in debt levels and the recovery in lending.

The key indicators impacting the Company's business ended the year registering improvements, which signal growth in demand and, consequently, in industrial activity: lower unemployment rate, increase in average real income, favorable conditions for credit at lower costs and increased lending to individuals. The stability in debt servicing percentage and low household debt levels favor fresh borrowings. This scenario has contributed to the consumption scenario, which has been showing signs of improvement since 2Q17, inducing the start of a new cycle of economic growth.

One of the signs of improvement is the recovery, though still negative, in one of the main indices that measure the performance of the construction materials industry – the ABRAMAT (Brazilian Construction Materials Industry Association) Index, which declined 4.0% in 2017, improving 7.0 p.p. compared to 2016 (-11.5%), and is expected to rise between 1% to 2% in 2018.

With expectations of improvement in unemployment rates, lower interest rates and expansion of credit, the Company believes and is confident in the new business environment, continuing the implementation of actions designed to increase sales in the domestic and international markets, while reducing expenses and streamlining processes.

The Company carried out an asset swap with Duratex in order to increase its fiberboard capacity, which is still pending approval from Brazil's antitrust authority (CADE), as per the material fact notice of January 31, 2018.

### **Material Fact of January 31, 2018**

*EUCATEX S/A – INDÚSTRIA E COMÉRCIO, with registered office at Av. Presidente Juscelino Kubitschek, 1830 – Torre I – 11º andar – São Paulo/SP, informs the market that on January 31, 2018, the Eucatex Group made a binding proposal, accepted by Duratex S.A., involving the exchange of assets between the companies. The transaction amount is R\$60 million. The Eucatex Group will receive from Duratex facilities and equipment for the manufacture of thin*



*fiberboard sheets (wet process), which are located in the city of Botucatu, São Paulo, where its MDP and Laminated Flooring unit and most of its forest assets are already located.*

*Duratex will receive from the Eucatex Group a farm called the “Fazenda Vitoria” located in the city of Capão Bonito, São Paulo. This farm is currently situated outside the ideal supply radius of its manufacturing units located in the cities of Salto and Botucatu, in São Paulo.*

*Supply of wood to this new production unit will come from owned and third-party forests, including from Duratex, with which it will enter into a supply agreement for up to 7 years, which will enable the unit to operate at full capacity of 200,000m<sup>3</sup>/year if there is demand. Based on current legislation, the consummation of the transaction is subject to approval by Brazil’s antitrust agency CADE (Conselho Administrativo de Defesa Econômica). While this approval is pending, the lines will remain under the management of Duratex S.A.*

*With the new thin fiberboard sheet unit (wet process), the Eucatex Group will serve clients in Brazil and abroad that it currently is unable to serve with its current products, further consolidating its position in an increasingly globalized market.*

*São Paulo, January 31, 2018.*

*José Antônio Goulart de Carvalho*

*Executive Vice President and Investor Relations Officer*

## Operating Performance and Results

Sales volume in the Company’s Wood segment, considering both domestic and export markets, increased by 10.8% in 4Q17 compared to the same period last year, supported by the 12.7% growth in domestic sales. According to the Brazilian Tree Industry (IBÁ), the Total Panels Market expanded by 10.5% in 4Q17, with higher volumes of MDF (+7.9%) and MDP (16.2%) and a decline in Fiberboard (-7.0%).

The Company’s export volume in the segment fell 2.5% in the quarter.

Paint sales fell 2.7% in 4Q17 compared to the same period in 2016. According to the Brazilian Paint Manufacturers Association (ABRAFATI), the market expanded 2.3% in 4Q17, but contracted by 0.9% in 2017.

Operating Performance  
base 100 - 2005

Physical Sales	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
Wood Panels (DM)	149	133	12.7%	158	142	11.3%
Wood Panels (EM)	207	212	-2.5%	155	141	9.7%
Paints	296	304	-2.7%	322	342	-5.8%

DM - Domestic Market / EM - Export Market

## Net revenue

Net Revenue Breakdown (R\$ million)	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
Wood Segment	228.3	199.5	14.5%	872.5	820.6	6.3%
Paint Segment	68.4	68.4	0.0%	254.6	260.0	-2.1%
Other	21.5	16.6	29.7%	78.3	63.9	22.5%
<b>Net Revenue</b>	<b>318.3</b>	<b>284.5</b>	<b>11.9%</b>	<b>1,205.4</b>	<b>1,144.5</b>	<b>5.3%</b>

Net revenue totaled R\$318.3 million, compared to R\$284.5 million in 4Q16, for growth of 11.9%. In the year, net revenue amounted to R\$1,205.4 million, up 5.3% from 2016.

In the Wood Segment, revenue grew 14.5% due mainly to performance in the domestic market. The economic upswing, combined with the initiatives implemented throughout 2017, brought positive results for the Company in the panels sector. In the Paint segment, net revenue remained stable in 4Q17 compared to the same period in 2016, due to lower sales volume. Net revenue in the year was impacted by the performance in the previous quarter.

## Cost of Goods Sold (COGS)

COGS increased 12.3% in 4Q17 from 4Q16. The Company's main inputs, especially those related to commodities and oil, increased in 4Q17, mainly in the inputs for Paint production. In 2017, COGS reached R\$893.4 million, 5% higher than in the previous year.

## Gross Income & Gross Margin

Gross Income reached R\$85.1 million in 4Q17, compared to R\$85.7 million in 4Q16, down 0.7%, basically due to higher sales and the variation in the fair value of biological assets, which was caused by the increase in capital costs calculated according to the valuation methodology adopted. Gross Margin in the quarter reached 26.8%, down 3.4 p.p. compared to 4Q16. In 2017, gross income increased 3.4% from 2016 to reach R\$334.5 million, with Gross Margin of 27.7%, a slight decline of 0.5 p.p., also mainly due to the fair value adjustment of biological assets.

## Operating expenses

Breakdown of Expenses (R\$ million)	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
General and Administrative	(14.1)	(13.7)	3.0%	(56.7)	(57.1)	-0.7%
Selling	(44.1)	(42.9)	2.7%	(170.6)	(168.8)	1.1%
<b>Total Operating Expenses</b>	<b>(58.2)</b>	<b>(56.6)</b>	<b>2.8%</b>	<b>(227.3)</b>	<b>(225.9)</b>	<b>0.6%</b>
<b>% Net Revenue</b>	<b>-18.3%</b>	<b>-19.9%</b>	<b>-1.6 p.p.</b>	<b>-18.9%</b>	<b>-19.7%</b>	<b>-0.9 p.p.</b>
Other Operating Income and Expenses	(0.0)	(0.3)	88.8%	(1.4)	(0.8)	82.9%

In 4Q17, operating expenses corresponded to 18.3% of Net Revenue, falling 1.6 p.p. compared to the same period last year. In 2017, operating expenses as a ratio of NOR fell 0.9 p.p., reflecting the adjustments being made to the Company's structure.

## EBITDA & EBITDA Margin

As a result of the above, recurring EBITDA totaled R\$59.5 million, up 27.1% from 4Q16. Recurring EBITDA margin reached 18.7%, compared to 16.5% in the same period last year. In 2017, recurring EBITDA was R\$212.7 million, growing 14.4% from 2016, with recurring EBITDA margin of 17.6%, up 1.4 p.p.

The main nonrecurring events recorded in 4Q17 were the tax installments and expenses with labor lawsuits.

EBITDA Reconciliation (R\$ million)	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
Net Income	2.3	11.1	-79.4%	41.9	33.6	24.9%
Income and Social Contribution Taxes	(10.7)	(0.5)	-1872.1%	(10.6)	2.9	-462.8%
Net Financial Income (Loss)	19.0	15.2	25.2%	51.1	40.1	27.4%
<b>EBIT</b>	<b>10.6</b>	<b>25.7</b>	<b>-58.9%</b>	<b>82.5</b>	<b>76.6</b>	<b>7.6%</b>
Depreciation and Amortization	32.0	26.4	21.0%	129.4	119.1	8.6%
<b>EBITDA under CVM instr. 527/12</b>	<b>42.5</b>	<b>52.1</b>	<b>-18.4%</b>	<b>211.8</b>	<b>195.7</b>	<b>8.2%</b>
<b>EBITDA Margin</b>	<b>13.4%</b>	<b>18.3%</b>	<b>-5 p.p.</b>	<b>17.6%</b>	<b>17.1%</b>	<b>0.5 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	0.6	(8.3)	-107.4%	(22.5)	(29.8)	-24.6%
<b>EBITDA adjusted by non-cash events</b>	<b>43.2</b>	<b>43.8</b>	<b>-1.6%</b>	<b>189.4</b>	<b>165.9</b>	<b>14.1%</b>
<b>Non-recurring events</b>	<b>16.3</b>	<b>3.0</b>	<b>448.9%</b>	<b>23.3</b>	<b>20.0</b>	<b>16.8%</b>
<b>Recurring adjusted EBITDA</b>	<b>59.5</b>	<b>46.8</b>	<b>27.1%</b>	<b>212.7</b>	<b>185.9</b>	<b>14.4%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>18.7%</b>	<b>16.5%</b>	<b>2.2 p.p.</b>	<b>17.6%</b>	<b>16.2%</b>	<b>1.4 p.p.</b>

## Recurring Net Income

Recurring net income in 4Q17 totaled R\$ 18.6 million, growing 32.8% from 4Q16. In 2017, recurring net income totaled R\$65.3 million, up 22.0% from 2016.

## Debt

At the end of 2017, the Company's net debt totaled R\$331.0 million and was equivalent to 1.6 times its recurring EBITDA, remaining stable in relation to the net debt at the end of 2016.

Debt (R\$ Million)	2017	2016	Var. (%)
Short Term Debt	245.2	241.3	1.6%
Long Term Debt	106.1	114.4	-7.2%
<b>Gross Debt</b>	<b>351.3</b>	<b>355.7</b>	<b>-1.2%</b>
Cash and Cash Equivalents	20.3	23.6	-13.8%
<b>Net Debt</b>	<b>331.0</b>	<b>332.1</b>	<b>-0.3%</b>
% Short Term Debt	70%	68%	2 p.p.
<b>Net Debt/EBITDA</b>	<b>1.6</b>	<b>1.8</b>	<b>-14.3%</b>





## Capex

Capex in 4Q17 totaled R\$30.5 million and was allocated to maintaining the Company's industrial and forest operations. In 2017, R\$108.2 million were invested and for 2018 the Company plans to reduce capex by about 8.8% in relation to 2017 (R\$95.5 million), with the focus being on forestry capex.

## Sustainability

Eucatex's forest sustainability is assured by 45,700 hectares of forests, all located in the state of São Paulo.

The Company is widely recognized for its sustainable development practices and was the first company in the industry to obtain ISO 9001 certification, in 2000. It also holds the ISO 14001 certification and the Green Seal awarded by the Forest Stewardship Council (FSC), which certifies that its forests are managed in accordance with rigorous environmental, social and economic standards. In another pioneering initiative, Eucatex became the first in the industry in South America to build a woodchip recycling line on an industrial scale. Its state-of-the-art equipment enables materials obtained within a radius of approximately 120 kilometers from the Salto (São Paulo) unit to be used as raw material for producing panels and as biomass for firing its boilers. Its total processing capacity is 240,000 metric tons/year, which is equivalent to approximately two million trees, 470,000 m<sup>3</sup> of standing timber or 1,500 hectares of planted forests. The investment in land and planting to maintain this volume of wood, considering a seven-year cycle, would amount to around R\$200 million. Not only does it generate cost benefits, but recycling woodchips also prevents this material from being deposited in local landfills.

## Capital Markets

Eucatex's preferred stock, listed on the B3 under the ticker EUCA4, closed 4Q17 quoted at R\$3.95. The Company's market capitalization at the end of the period was R\$365.8 million, around 30% of its book value.



## About Eucatex

Eucatex S.A. Indústria e Comércio completes 67 years in 2018 and is one of Brazil's largest manufacturers of laminated flooring, wall partitions, doors, MDP/MDF/T-HDF panels, fiberboard, and paints and varnishes. It operates five modern plants in Botucatu and Salto (both in São Paulo) and Cabo de Santo Agostinho (Pernambuco), employing 2,433 people. Its products are exported to more than 37 countries. For further information, visit [www.eucatex.com.br/ri](http://www.eucatex.com.br/ri).

*This document contains forward-looking statements related to the business prospects, estimates of operating and financial results, and those related to the growth prospects of Eucatex. These are merely projections and as such are based exclusively on the expectations of Eucatex management concerning the future of the business. These forward-looking statements substantially depend on market conditions, the performance of the Brazilian economy, the sector and the international markets and therefore are subject to change without prior notice.*

### **External Audit**

*The policy of the Eucatex Group regarding services provided by its independent auditors that are not related to the external audit of its financial statements is based on the principles of professional independence. These principles are based on the premise that the auditor must not examine his own work, perform managerial functions or practice law on behalf of clients. In 4Q17, the Eucatex Group did not engage BDO RCS Auditores Independentes S.S. for services other than audit.*

## Income Statement

Income Statement (R\$ million)	4Q17	4Q16	Var. (%)	2017	2016	Var. (%)
<b>Gross Revenue</b>	<b>379.9</b>	<b>340.8</b>	<b>11.5%</b>	<b>1,441.3</b>	<b>1,369.9</b>	<b>5.2%</b>
Sales taxes and Deductions	(61.6)	(56.3)	9.5%	(236.0)	(225.5)	4.6%
<b>Net Revenue</b>	<b>318.3</b>	<b>284.5</b>	<b>11.9%</b>	<b>1,205.4</b>	<b>1,144.5</b>	<b>5.3%</b>
Fair value variation in biological assets	(0.6)	8.3	-107.4%	22.5	29.8	-24.6%
Cost of Goods Sold	(232.5)	(207.1)	12.3%	(893.4)	(850.9)	5.0%
<b>Gross Income</b>	<b>85.1</b>	<b>85.7</b>	<b>-0.7%</b>	<b>334.5</b>	<b>323.4</b>	<b>3.4%</b>
<b>% Gross Margin</b>	<b>26.8%</b>	<b>30.1%</b>	<b>-3.4 p.p.</b>	<b>27.7%</b>	<b>28.3%</b>	<b>-0.5 p.p.</b>
Selling Expenses	(44.1)	(42.9)	2.7%	(170.6)	(168.8)	1.1%
General and Administrative Expenses	(12.3)	(11.7)	5.0%	(49.9)	(48.5)	2.8%
Management Compensation	(1.8)	(2.0)	-8.2%	(6.8)	(8.5)	-20.7%
Other Operating Income / (Expenses)	(0.0)	(0.3)	88.8%	(1.4)	(0.8)	82.9%
<b>Operating Income (Expenses)</b>	<b>(58.2)</b>	<b>(56.9)</b>	<b>2.3%</b>	<b>(228.7)</b>	<b>(226.7)</b>	<b>0.9%</b>
<b>Net Income before Financial Result</b>	<b>26.9</b>	<b>28.8</b>	<b>-6.5%</b>	<b>105.8</b>	<b>96.7</b>	<b>9.4%</b>
Financial Income (Expense)	(19.0)	(15.2)	-25.2%	(51.1)	(40.1)	-27.4%
Non-recurring Income (Expense)	(16.3)	(3.0)	-448.9%	(23.3)	(20.0)	-16.8%
<b>Net Income after Financial Result</b>	<b>(8.4)</b>	<b>10.6</b>	<b>-179.0%</b>	<b>31.3</b>	<b>36.6</b>	<b>-14.4%</b>
Provision for Income and Soc. Contr. Taxes	10.7	0.5	-1872.1%	10.6	(2.9)	-462.8%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>2.3</b>	<b>11.2</b>	<b>-79.5%</b>	<b>41.9</b>	<b>33.6</b>	<b>24.7%</b>
Non-controlling interest	0.0	(0.1)	-104.2%	0.0	(0.1)	-104.4%
<b>Net Income in the Period</b>	<b>2.3</b>	<b>11.1</b>	<b>-79.4%</b>	<b>41.9</b>	<b>33.6</b>	<b>24.9%</b>
<b>Net Margin</b>	<b>0.7%</b>	<b>3.9%</b>	<b>-3.3 p.p.</b>	<b>3.5%</b>	<b>2.9%</b>	<b>0.5 p.p.</b>

\* Values of items: Cost of Goods Sold, Selling Expenses, General and Administrative Expenses, and Other Operating Expenses /Income are net of non-recurring expenses.

## Balance Sheet

Balance Sheet (R\$ '000)	2017	2016	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	7.0	13.9	-49.4%
Marketable Securities	13.3	9.7	37.1%
Trade Accounts Receivable	253.4	228.5	10.9%
Inventories	175.4	187.3	-6.4%
Taxes Recoverable	17.8	23.0	-22.8%
Prepaid Expenses	4.5	3.1	46.2%
Other receivables	3.7	2.1	79.5%
<b>Total Current Assets</b>	<b>475.1</b>	<b>467.5</b>	<b>1.6%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	28.2	19.5	44.8%
Taxes Recoverable	2.0	2.2	-8.9%
Deferred income and soc. contr. taxes	57.0	46.6	22.4%
Goods held for sale	0.3	0.4	-33.7%
Investment properties	25.5	25.5	0.1%
Judicial Deposits	7.8	6.8	15.7%
Other receivables	11.1	14.2	-21.8%
<b>Total Long-Term Assets</b>	<b>132.0</b>	<b>115.2</b>	<b>14.6%</b>
Investments	-	-	0.0%
Biological Assets	423.8	402.7	5.2%
Fixed Assets	1,008.6	1,028.8	-2.0%
Intangible Assets	0.2	0.3	-6.3%
<b>Total Permanent Assets</b>	<b>1,432.7</b>	<b>1,431.8</b>	<b>-3.0%</b>
<b>Total Non-Current Assets</b>	<b>1,564.7</b>	<b>1,547.0</b>	<b>1.1%</b>
<b>Total Assets</b>	<b>2,039.8</b>	<b>2,014.4</b>	<b>1.3%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	140.4	133.5	5.1%
Loans and Financing	245.2	228.8	7.1%
Labor Liabilities	24.5	27.3	-10.4%
Tax Liabilities	12.7	9.9	28.4%
Tax Installments	23.0	28.3	-18.7%
Advances from Clients	12.9	11.9	7.9%
Dividends and interest on equity payable	69.6	65.9	5.6%
Debentures payable	-	12.5	-100.0%
Accounts Payable	26.1	20.4	27.7%
<b>Total Current Liabilities</b>	<b>554.3</b>	<b>538.6</b>	<b>2.9%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	106.1	114.4	-7.2%
Tax Installments	13.9	32.1	-56.8%
Deferred Income and Soc. Contr. Taxes	97.5	94.8	2.9%
Provision for Contingencies	30.7	33.4	-8.0%
<b>Total Long-Term Liabilities</b>	<b>248.2</b>	<b>274.6</b>	<b>-9.6%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Revaluation Reserves	201.9	202.0	0.0%
Profit Reserve	459.5	425.9	7.9%
Asset Valuation Adjustment	89.8	87.4	2.7%
Other Comprehensive Income	0.9	0.8	16.1%
Treasury Stock	(2.9)	(2.9)	0.0%
Retained Earnings	-	-	0.0%
<b>Total Shareholder's Equity</b>	<b>1,237.3</b>	<b>1,201.2</b>	<b>3.0%</b>
Non-controlling interest	(0.0)	(0.0)	-7.0%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,237.3</b>	<b>1,201.2</b>	<b>3.0%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,039.8</b>	<b>2,014.4</b>	<b>1.3%</b>

## Cash Flow

Cash Flow (R\$ 000)	2017	2016
<b>Net Income before Income and Social Contribution Taxes</b>	<b>31.3</b>	<b>36.4</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	63.0	64.5
Exhaustion of biological assets	66.4	54.6
Residual Value of Fixed Assets Sold	0.5	0.1
Write-off of investments	0.1	(0.3)
Fair value variation in biological assets	(22.5)	(29.8)
Interest, Monetary and Exchange Variations, net	41.4	12.6
Provision (reversal) for liabilities and others	2.7	11.9
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	(3.6)	4.0
Trade accounts receivable	(35.7)	(11.2)
Receivables from related parties	-	-
Inventories	11.9	28.2
Recoverable taxes	7.2	(6.0)
Deferred expenses	(1.4)	(1.2)
Judicial deposits	(1.1)	7.7
Other receivables	1.5	3.1
Trade accounts payable	6.8	(16.6)
Labor and Tax Liabilities	(2.3)	(15.0)
Tax Installments	(27.6)	(31.9)
Advances from Clients	0.9	1.8
Accounts payable	5.7	(11.4)
<b>Net Cash Flow from Operating Activities</b>	<b>145.3</b>	<b>101.4</b>
<b>Cash Flow from Investing Activities</b>		
Capital reduction in subsidiaries - translation adjustment	0.1	(0.9)
Addition to fixed assets	(43.3)	(49.2)
Addition to biological assets	(64.9)	(43.7)
<b>Net Cash Flow from Investing Activities</b>	<b>(108.1)</b>	<b>(93.8)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and debentures	(223.7)	(201.2)
Loans	181.9	203.6
<b>Net cash provided by (used in) financing activities</b>	<b>(44.0)</b>	<b>2.4</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(6.9)</b>	<b>10.0</b>
<b>Cash and Cash Equivalents</b>		
Opening balance of cash and cash equivalents	13.9	3.9
Closing balance of cash and cash equivalents	7.0	13.9
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(6.9)</b>	<b>10.0</b>