

## EUCATEX announces 4Q08 results: Gross Revenue of R\$ 216.4 million (up 6.8% on 4Q07), EBITDA of R\$ 75.4 million, EBITDA margin of 43.1%

**São Paulo, April 01, 2009.** Eucatex (Bovespa: EUCA3 and EUCA4; Bloomberg: EUCA3 BZ and EUCA4 BZ), one of the largest manufacturers of hardboard and medium density particleboard (MDP) in Brazil, with operations also in the paint and varnish, laminate flooring, partitions, foils, doors, roof tiles, mineral products and agricultural substrate sectors, announces its results for the fourth quarter of 2008 (4Q08). The financial and operating information presented herein, except where stated otherwise, is audited and presented on a consolidated basis in Brazilian real (R\$), pursuant to Brazilian corporate legislation, and all comparisons refer to the fourth quarter of 2007 (4Q07).

### Highlights

- » **Gross Revenue** came to **R\$ 216.4 million** in the quarter, a **6.8%** increase compared with the 4Q07. Gross revenue in 2008 was R\$ 865.5 million, representing a 13.1% growth over 2007, mainly due to increase in prices between the years.
- » **EBITDA** and **EBITDA margin** came to **R\$ 75.4 million** and **43.1%**, respectively, in 4Q08, and to R\$ 181.1 million, (60.1% up), and 25.8% (7.7 p.p. up), respectively, in 2008.

4Q08 Highlights (R\$ MM)	4Q08	4Q07	Var. (%)	12M08	12M07	Var. (%)
Net Revenue	175.0	164.4	6.4%	700.9	623.5	12.4%
Gross Profit	57.9	53.8	7.6%	226.4	197.6	14.6%
Gross Margin (%)	33.1%	32.7%	+0,4 p.p.	32.3%	31.7%	+0,6 p.p.
EBITDA	75.4	38.0	98.8%	181.1	113.1	60.1%
EBITDA Margin (%)	43.1%	23.1%	+20,0 p.p.	25.8%	18.1%	+7,7 p.p.
Net Income	27.7	26.7	3.8%	59.3	68.8	-13.8%
Net Debt	82.5	77.4	6.6%	82.5	77.4	6.6%
Net Debt / EBITDA (LTM)	0.6	0.7	-8.0%	0.5	0.7	-33.4%

### Economic Scenario

All the key economic indicators disclosed in the fourth quarter of 2008 showed the worsening of the financial crisis and its impact on diverse economic segments. The scarcity of credit and the fear of economic agents about the consequences of this crisis drastically reduced activities, leading companies to cut jobs and, in most cases, to heavily reduce inventories and expenses, all of which contributed to business stagnation. Initiatives of governments and central banks in Brazil and worldwide seem to produce some effect, but economic growth in 2009 has been affected.

With the worsening of the crisis, the Company should direct a larger part of its production to exports, given its solid base in the United States, where it has competitive advantages and, consequently, business opportunities on account of the services provided. In the domestic market, the Company expects that the segments of construction and furniture industries, through differentiated products, do not impact business as much as they impact the economy as a whole.

#### Operating Performance 2005 - 100 base

<b>Sales Volume (Domestic Market)</b>	<b>4Q08</b>	<b>4Q07</b>	<b>Var. (%)</b>	<b>12M08</b>	<b>12M07</b>	<b>Var. (%)</b>
Hardboard	106	110	-4.1%	115	114	1.0%
Laminate Flooring	146	130	12.5%	139	123	13.2%
Paint	222	219	1.5%	247	204	20.6%

Despite the worsening crisis, the Company's domestic sales continued to grow in 4Q08, though at a slower rate, the exception being MDP, whose sales volume was lower than in 4Q07.

Paint and laminate flooring sales climbed 20.6% and 13.2%, respectively, in 2008 compared with 2007.

The paint segment continued expanding, and the Company has adopted several initiatives to get even closer to its clients by offering quality services and products – a determining factor to maintain the current sales performance. In addition, the Company has worked to reduce costs to make its products even more competitive.

In the laminate flooring segment, the new product lines - Prime, Rustic and Classic - launched during 2008, have been widely accepted by the market, as mentioned last quarter.

Physical sales in the wood panel segment increased slightly by 1.0% in the year due to the stoppages at plants to increase expansion and reduce costs, as well as the slowdown in the 4Q08, which did not happen in even more competitive 2007.

MDP sales continued to present a favorable mix, with coated products accounting for 96% of the year's sales, compared with 85% in 2007. The Lacca product, which accounted for 24% of total sales, reflects the market's enthusiasm for a differentiated product in terms of technology and quality. Investments made in the low pressure finishing (BP), finish foil (FF) and high-gloss varnish coating segments have helped the Company to boost sales of these products. In the coming months, Eucatex plans to launch products in both the BP and FF lines, which should strengthen its leadership position in the coated products market.

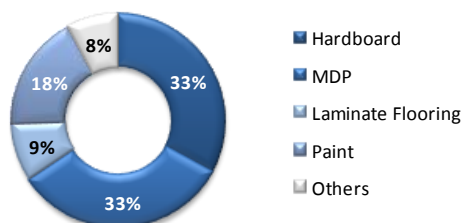
## Financial Performance

### Gross Revenue

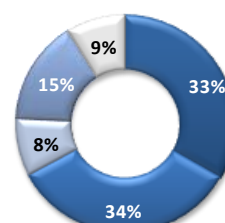
<b>Gross Revenue Breakdown (R\$ MM)</b>	<b>4Q08</b>	<b>4Q07</b>	<b>Var. (%)</b>	<b>12M08</b>	<b>12M07</b>	<b>Var. (%)</b>
Hardboard*	70.4	65.9	7%	285.3	254.2	12.2%
MDP	70.4	68.2	3%	282.9	260.1	8.8%
Laminate Flooring	21.6	18.3	18%	76.3	65.3	16.8%
<i>Wood Segment</i>	162.3	152.3	7%	644.4	579.6	11.2%
<i>Paint Segment</i>	42.7	37.0	16%	152.9	118.1	29.5%
Others	11.4	13.4	-15%	68.2	67.4	1.2%
<b>Gross Revenue</b>	<b>216.4</b>	<b>202.7</b>	<b>7%</b>	<b>865.5</b>	<b>765.0</b>	<b>13.1%</b>



Gross Revenue Breakdown - 12M08



Gross Revenue Breakdown - 12M07



Gross revenue grew by 6.8% year-on-year to reach R\$ 216.4 million in the 4Q08, and by 13.1% over 2007 to R\$ 865.5 million in 2008. In addition to the increases in the sales volumes of laminate flooring and paint segments, as well as the improvement in the MDP and Hardboard mix, price adjustments were made due to cost increases and to maintain the level of profitability of the company.

The laminate flooring line grew 17.9% year on year in the 4Q08. Gross revenue was R\$ 76.3 million in the year, 16.8% higher than in 2007.

Consistent with the trend over the past two years, the paint segment has been increasing its share in the Company's revenue, accounting for 17% of 2008 sales. As in the previous quarter, the segment posted the highest growth among all product lines, climbing 15.5% compared with the 4Q07 and totaling R\$ 42.7 million. In 2008, growth was even higher, up 29.5% relative to the same period of 2007, to reach R\$ 152.9 million.

### Cost of Goods Sold (COGS)

COGS grew 11.4% in 2008. Despite gains from the reduction of fixed costs and other costs related to the maturation of projects, there were cost increases, especially in raw materials tied to commodities, most notably in the price of resin, the main raw material for the production of MDP panels and laminate flooring.

Costs Composition % Participation	MDP		Hardboard		Laminate Flooring		Paint	
	4Q08	4Q07	4Q08	4Q07	4Q08	4Q07	4Q08	4Q07
Wood	17%	24%	15%	13%	8%	9%	-	-
Raw Material - Other	32%	27%	39%	48%	54%	59%	91%	90%
Resin	29%	24%	-	-	22%	15%	-	-
Labor	5%	6%	20%	19%	8%	8%	7%	8%
Electric Energy	4%	5%	9%	7%	3%	3%	0%	1%
Thermal Energy	2%	2%	9%	6%	3%	2%	0%	0%
Depreciation	10%	12%	8%	7%	3%	4%	1%	1%
Total	100%	100%	100%	100%	100%	100%	100%	100%

## Gross Profit and Gross Margin

Gross profit in the quarter totaled R\$ 57.9 million, 7.6% up on the R\$ 53.8 million in the 4Q07. Gross profit in 2008 was R\$ 226.4 million, an increase of 14.6% over the R\$ 197.6 million in 2007.

Gross margin grew 0.4 p.p. year on year, from 32.7% in the 4Q07 to 33.1% in the 4Q08. In 2008, gross margin stood at 32.3%, 0.6 p.p. up over the 31.7% recorded in 2007.

## Operating Expenses

Operating Expenses Distribution	4Q08	4Q07	Var. (%)	12M08	12M07	Var. (%)
Sales	(23.5)	(22.6)	3.8%	(93.9)	(85.4)	9.9%
General and Administration	(11.4)	(10.2)	11.2%	(45.1)	(40.2)	12.1%
Others Operating Revenues and Expenses	41.8	5.3	695.8%	49.5	(1.3)	-4026.2%
<b>Total Operating Expenses</b>	<b>6.9</b>	<b>(27.6)</b>	<b>-125.1%</b>	<b>(89.5)</b>	<b>(126.9)</b>	<b>-29.5%</b>
<b>% Net Income</b>	<b>4.0%</b>	<b>-16.8%</b>	<b>+20,8 p.p.</b>	<b>-12.8%</b>	<b>-20.4%</b>	<b>+7,6 p.p.</b>

Selling, general and administrative expenses, which represented 20.2% of net revenue in 2007, decreased 0.4 p.p. in 2008 to 19.8%, presenting the same performance in the year. For the fourth quarter in succession the quarterly and year-to-date performance were very similar.

Other Operating Revenues and Expenses came to R\$ 50 million in 2008 due to the net result of reversals and constitution of provision for tax and contingencies.

## EBITDA and EBITDA margin

EBITDA Reconciliation (R\$ MM)	4Q08	4Q07	Var. (%)	12M08	12M07	Var. (%)
Net income (Loss)	27.7	26.7	3.8%	59.3	68.8	-13.8%
Deferred Income and Social Distribution Tax	9.7	0.2	4221.5%	13.6	0.2	5973.0%
Net Financial Income	27.5	(0.6)	-4502.0%	64.0	1.6	3914%
Depreciation and Amortization	10.6	11.7	-9.4%	44.2	42.5	4%
<b>EBITDA</b>	<b>75.45</b>	<b>38.00</b>	<b>98.6%</b>	<b>181.11</b>	<b>113.13</b>	<b>60.1%</b>
<b>EBITDA Margin</b>	<b>43.1%</b>	<b>23.1%</b>	<b>+20,0 p.p.</b>	<b>25.8%</b>	<b>18.1%</b>	<b>+7,7 p.p.</b>

The Company's EBITDA in the 4Q08 was R\$ 75.4 million, up 98.6% over the R\$ 38.0 million recorded in the 4Q07. In the year, EBITDA was R\$ 181.1 million, an increase of 60.1% over the R\$ 113.1 million in 2007. These figures show that the Company is achieving the expected operational results, both in sales growth and cost reduction, in addition to the write-off of tax contingencies. As already mentioned, EBITDA was affected by the tax contingency reversals.

EBITDA margin grew 20 p.p. year on year, from 23.1% in the 4Q07 to 43.1% in the 4Q08. In 2008, this figure stood at 25.8%, 7.7 p.p. up on the 18.1% recorded in 2007.

## Net Income

Net income in 2008 came to R\$ 59.3 million, 13.8% lower than in 2007, pushed down by the negative financial result, due mainly to the depreciation of the Brazilian Real and its impact on the Company's long-term debt.

## Debt

The Company's debt at the end of the 4Q08 stood below 0.6x annualized EBITDA in 2008. Long-term debt will be paid over the next nine years

Debt (R\$ Million)	4Q08	4Q07	Var. (%)
Short Term Debt	35.7	20.1	77.5%
Long Term Debt	57.8	68.3	-15.3%
<b>Gross Debt</b>	<b>93.5</b>	<b>88.4</b>	<b>5.8%</b>
Cash and Cash Equivalents	11.0	11.0	0.1%
<b>Net Debt</b>	<b>82.5</b>	<b>77.4</b>	<b>6.6%</b>
% Short Term Debt	38%	23%	+5,0 p.p.
Net Cash (Debt)/EBITDA	0.6	0.7	-8.0%

## Capex

The Company's investments in 2008 include:

- The new T-HDF/MDF line is scheduled to go operational by the end of 2009. When the it reaches its full capacity, it will increase gross revenue by R\$ 250 million and cash flow by R\$ 90 million, based on current prices and costs;
- Automation of the polishing and humidifying processes at lines I and II of Salto's plant; and
- Expansion of capacity and elimination of bottlenecks in the MDP line; and
- Reforestation of 4,500 hectares.

## Sustainability

Eucatex forest sustainability, including the new T-HDF/MDF line project, is guaranteed by 44,000 hectares of forests, all located in São Paulo state.

Eucatex is widely recognized for its sustainable development initiatives. It was the first in the industry to obtain the ISO 9001 certification in 2000. It also has the ISO 14001 and Green Seal given by the Forest Stewardship Council (FSC), which certifies that its forests are managed according to rigorous environmental, social and economic standards.

The Company pioneered the implementation of a wood recycling line on industrial scale in South America. Its state-of-the-art equipment enables the material obtained within a 150



kilometer distance of the Salto unit to be used in the production of boards and also as biomass fuel for its boilers. When the line reaches its total processing capacity of 20,000 tonnes per month, which would be destined to the land waste sites of cities, the Company will save the equivalent of R\$ 20 million per annum from land acquisition alone.

### Capital Market

Eucatex's preferred shares (EUCA4) listed on the São Paulo Stock Exchange (BOVESPA) closed the 4Q08 at R\$ 2.90. The market value, considering the share price at the end of the quarter, was R\$ 269 million, representing 2.1x of annualized EBITDA

### Human Resources

Personnel expenses in 4Q08 totaled R\$ 27.4 million, of which R\$13.7 million are wages, R\$ 8.7 million are payroll overheads and around R\$ 5.0 million were spent on medical and dental plans, transport, meals, training, and occupational health and safety for the Company's 2,227 employees and their dependents. In the year, personnel expenses came to R\$ 104.4 million, allocated as follows: R\$ 53.3 million on wages, R\$ 32.6 million on payroll overheads, and R\$ 18.5 million on employee and dependent benefits previously mentioned.

### Relationship with Independent Auditors

As approved by the Company's Board of Directors, since May 12, 2008, Terco Grant Thornton Auditores is responsible for auditing Eucatex's financial statements, substituting Boucinhas & Campos e Soteconti Auditores Independentes S/C, in compliance with article 13 of CVM Instruction 308/99, which stipulates that an independent auditor cannot provide audit services to the same client for more than five consecutive years.

The Eucatex Group's policy on its independent auditors with regard to services not related to the external audit of financial statements is aimed at preserving their professional autonomy, and based on the premise that auditors do not audit their own work, exercise managerial functions or advocate for their clients.

In the fiscal year 2008, the Eucatex Group did not contract any services other than audit services from the firm Terco Grant Thornton Auditores Independentes.

### About Eucatex

Eucatex S.A. (Bovespa: EUCA3 and EUCA4), which completed 57 years of operations in 2008, is one of Brazil's largest manufacturers of flooring, partitions, foils, doors, roof tiles, MDP, hardboard, agricultural substrate, mineral products, paints and varnishes. With **2,227** employees, the Company exports to more than 30 countries and has four modern plants located in Botucatu, Salto and Paulínia in São Paulo state, and is now poised to begin a new cycle of growth. For further information, please visit the website [www.eucatex.com.br/ir](http://www.eucatex.com.br/ir)



*This release contains forward-looking statements relating 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. Such forward-looking statements substantially depend on changes in market conditions, competitive pressures, the performance of the Brazilian and international economies and the industry, among other factors and risks disclosed in Eucatex's disclosure documents and are, therefore, subject to change without prior notice.*

## Income Statement

(R\$ '000)	4Q08	4Q07	Var. (%)	12M08	12M07	Var. (%)
<b>Gross Revenue</b>	<b>216.4</b>	<b>202.7</b>	<b>6.8%</b>	<b>865.5</b>	<b>765.0</b>	<b>13.1%</b>
Sales taxes and Deductions	(41.4)	(38.3)	n.m.	(164.6)	(141.5)	n.m.
<b>Net Revenues</b>	<b>175.04</b>	<b>164.44</b>	<b>6.4%</b>	<b>700.94</b>	<b>623.52</b>	<b>12.4%</b>
Cost of Goods Sold	(117.1)	(110.6)	n.m.	(474.6)	(425.9)	n.m.
<b>Gross Profit</b>	<b>57.9</b>	<b>53.8</b>	<b>7.6%</b>	<b>226.4</b>	<b>197.6</b>	<b>14.6%</b>
<b>Operating Expenses</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.0%</b>
Sales	(23.5)	(22.6)	n.m.	(93.9)	(85.4)	n.m.
General and Administration	(11.4)	(10.2)	n.m.	(45.1)	(40.2)	n.m.
Other Operational Costs	41.8	5.3	695.8%	49.5	(1.3)	n.m.
<b>Operational (loss) Income</b>	<b>6.9</b>	<b>(27.6)</b>	<b>n.m.</b>	<b>(89.5)</b>	<b>(126.9)</b>	<b>n.m.</b>
<b>Operational Result</b>	<b>64.8</b>	<b>26.2</b>	<b>147.1%</b>	<b>136.9</b>	<b>70.7</b>	<b>93.7%</b>
Financial (Expense) Income	(27.5)	0.6	n.m.	(64.0)	(1.6)	n.m.
Non Operating Income	37.4	26.9	39.1%	72.9	69.1	5.6%
Taxes	(9.7)	(0.2)	n.m.	(13.6)	(0.2)	n.m.
<b>Net (Loss) Income</b>	<b>27.7</b>	<b>26.6</b>	<b>3.9%</b>	<b>59.3</b>	<b>68.9</b>	<b>-13.8%</b>
<b>Net Margin</b>	<b>15.8%</b>	<b>16.2%</b>	<b>-0,4 p.p.</b>	<b>8.5%</b>	<b>11.0%</b>	<b>-2,5 p.p.</b>

## Balance Sheet

Balance Sheet (R\$ '000)	4Q08	4Q07	Var. (%)
<b>ASSETS</b>			
<b>Non- Current Assets</b>			
Cash and Cash Equivalents	11.0	11.0	0.1%
Clients	123.7	113.2	9.3%
Inventories	81.8	69.0	18.4%
Taxes Recoverable	15.5	11.5	34.2%
Other Credits	16.5	2.8	484.0%
Deferred Expenses	0.5	1.9	-72.9%
<b>Non- Current Assets</b>	<b>248.9</b>	<b>209.4</b>	<b>18.9%</b>
<b>Long- Term Assets</b>			
Clients	1.0	-	0.0%
Assets for Sale	9.5	2.1	347.0%
Taxes Recoverable	7.4	6.3	17.7%
Judicial Deposits	5.4	10.5	-48.6%
Other Credits	15.5	14.1	9.8%
	<b>38.9</b>	<b>33.1</b>	<b>17.6%</b>
<b>Investments</b>			
Other Investments	0.9	0.9	0.0%
Fixed Assets	856.8	777.6	10.2%
Intangible	1.2	1.2	-3.2%
Deferred Assets	-	4.7	-100.0%
	<b>858.9</b>	<b>784.5</b>	<b>9.5%</b>
<b>Permanent Assets</b>	<b>897.8</b>	<b>784.5</b>	<b>14.4%</b>
<b>Total Assets</b>	<b>1,146.7</b>	<b>1,026.9</b>	<b>11.7%</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Loans and Financing	35.7	20.1	77.5%
Accounts Payable to Suppliers	54.6	36.4	50.0%
Salaries	14.7	13.8	6.6%
Tax, Accrued Expenses and Payroll	15.9	6.7	135.8%
Tax Installments	11.0	8.8	24.7%
Deferred Taxes	0.8	1.4	-46.4%
Advances from Clients	3.5	-	0.0%
Accounts Payable	10.1	14.0	-27.9%
<b>Current Liabilities</b>	<b>146.2</b>	<b>101.3</b>	<b>44.3%</b>
<b>Non- Current Liabilities</b>			
<b>Non- Current Liabilities</b>			
Loans and Financings	57.8	68.3	-15.3%
Tax Installments	81.3	83.3	-2.4%
Deferred Taxes	21.2	22.5	-6.0%
Accounts Payable	28.1	-	0.0%
Provisions for Contingencies	280.8	276.3	1.6%
<b>Non- Current Liabilities</b>	<b>469.2</b>	<b>450.4</b>	<b>4.2%</b>
<b>Non Controlling Stockholders</b>	<b>-</b>	<b>0.3</b>	<b>-100.0%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Treasury Stock	(0.8)	(0.8)	0.0%
Capital Reserve	270.4	288.7	-6.3%
Accrued Losses	(226.5)	(301.0)	-24.8%
	<b>531.3</b>	<b>475.0</b>	<b>11.8%</b>
<b>Total Liabilities</b>	<b>1,146.7</b>	<b>1,026.9</b>	<b>11.7%</b>

## Cash Flow

Cash Flow (R\$ 000)	12M08	12M07
<b>Net Income before Income Tax and Social Contribution Tax</b>	<b>72.9</b>	<b>69.1</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	44.2	43.1
Residual Value of Fixed Assets Sold	35.7	1.8
Adjustments for Law 11.638/07	5.6	-
Adjustments of Previous Fiscal Years	-	0.3
Minority Interest	(0.3)	-
Interest and Net Monetary and Exchange Variations	38.4	(2.2)
Provisions for Inventory Losses	2.8	0.1
Income and Social Contribution Taxes	(13.6)	(0.2)
Constitution (Reversal) of Provisions for Contingencies and Others	(43.8)	(56.5)
Provisions for Shareholder Payments	28.1	-
<b>Variations in Operating Assets and Liabilities</b>		
Accounts Receivable from Clients	(11.3)	(4.5)
Inventories	(15.5)	(1.4)
Taxes Recoverable	2.8	(3.5)
Deferred Expenses	1.4	(0.6)
Judicial Deposits	5.1	(10.5)
Other Credits	(22.5)	49.7
Suppliers	18.2	(41.2)
Labor and Tax Liabilities	9.1	0.9
Tax Installments	0.2	67.9
Advances from Clients	3.5	-
Other Liabilities	(3.9)	(1.8)
<b>Net Cash Flow from Operating Activities</b>	<b>157.2</b>	<b>110.5</b>
<b>Cash Flow from Investing Activities</b>		
Increase in Fixed Assets	(154.4)	(112.9)
<b>Net Cash Flow from Investing Activities</b>	<b>(154.4)</b>	<b>(112.9)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of Loans	(49.9)	(47.8)
Inflow of Loans	47.2	45.8
<b>Net Cash Flow from Financing Activities</b>	<b>(2.8)</b>	<b>(2.0)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>0.0</b>	<b>(4.4)</b>
<b>Cash and Cash Equivalents</b>		
Beginning of period	11.0	15.3
End of period	<b>11.0</b>	<b>11.0</b>