

1S08 Earnings Conference Call

August 14, 2008



responsabilidade



sustentabilidade



produtividade

This presentation includes forward-looking statements that are subject to risks and uncertainties based on the beliefs and assumptions of the management of Eucatex S.A. Indústria e Comércio, and on information currently available to the Company.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur. Investors should understand that overall economic conditions, industry conditions and other operating factors may affect the company's future results and may lead to results that differ materially from those expressed in such forward-looking statements.

» Substantial improvement in financial results

- **Gross revenue** was R\$ 418.7 million in 1H08, **13.5%** up on 2007;
- **Gross margin** of 33.4% in 1H08, 2.0 p.p. up from 1H07, which was 31.4%;
- **EBITDA** was R\$ 66 million in 1H08, **32.3%** up on 1H07;
- **EBITDA Margin** increased by 3.1 p.p. in 1H08 reaching 19.5%; and
- **Net Income** grew by **48.4 %** in 1H08 to R\$ 30.7 million.

» Sales growth in all of Eucatex's product lines

- Excellent sales performance in the **Paint and Laminate Flooring segments** - **34.2%** and **15.5%** growth, respectively, in 1H08 versus 1H07.

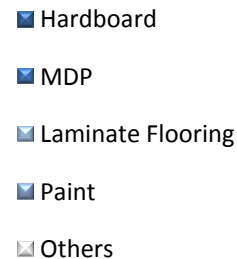
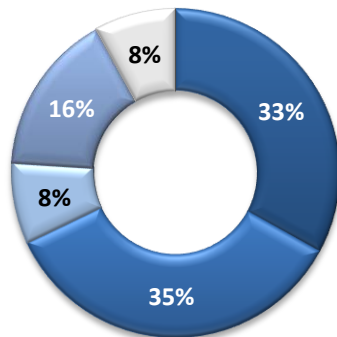
» Construction of the new T-HDF line within schedule

- Construction has started and is within schedule. The new line should start operating at the end of 1H09 and, at full capacity, will add R\$250 million to the Group's gross revenue and R\$90 million to cash generation.

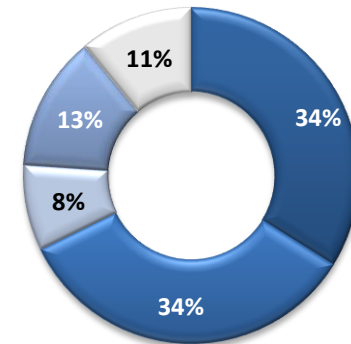
» Highlights

- Increase in MDP's share of Revenue: 35% in 1H08 versus 34% in 1H07 .
- Eucatex's paint segment represented 16% of revenues in 1H08, versus 13% in 1H07 .

Gross Revenue Breakdown - 2H08



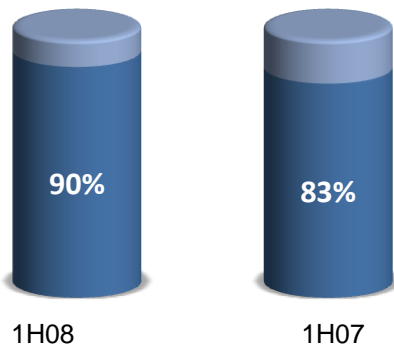
Gross Revenue Breakdown - 2H07



- » Growth of **9.7%** in gross revenue in 1H08 and increase in market share: result of better use of installed capacity, better prices and sales mix;
- » Guarantee of electricity supply (contracted till 2012) and thermal energy supply through the wood recycling project.

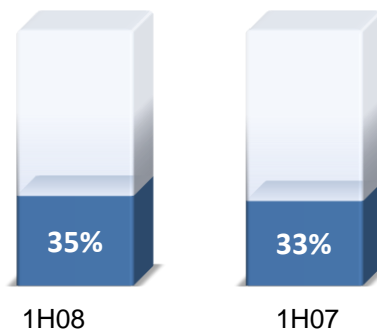


Installed Capacity Used



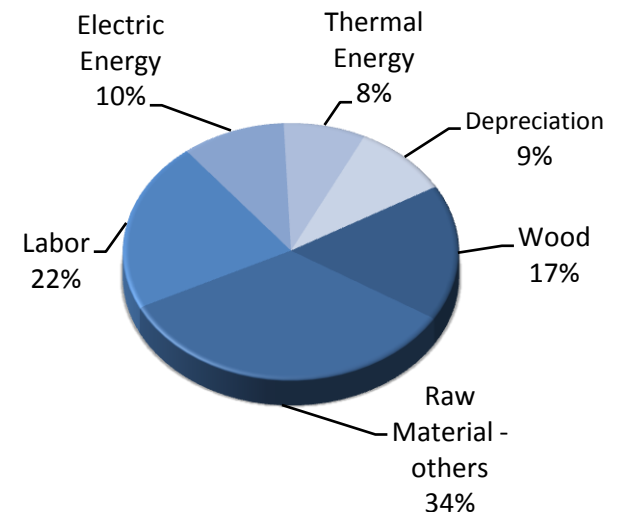
Hardboard

Market Share



Hardboard

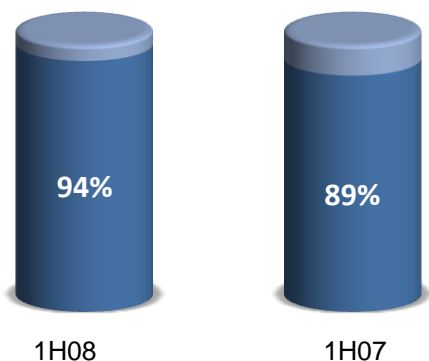
COGS - Hardboard – 1H08



- » Quality index of MDP production totaled **98%** of high-quality products in 1H08; and
- » Gross Revenue from MDP panels amounted to R\$ 148.1 million in 1H08, a **19.7% increase** over 1H07 as a result of both higher supply (use of installed capacity) and better prices and mix.

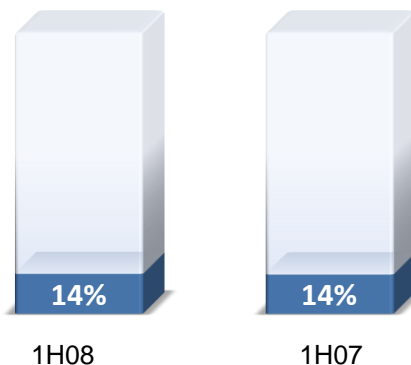


Installed Capacity Used



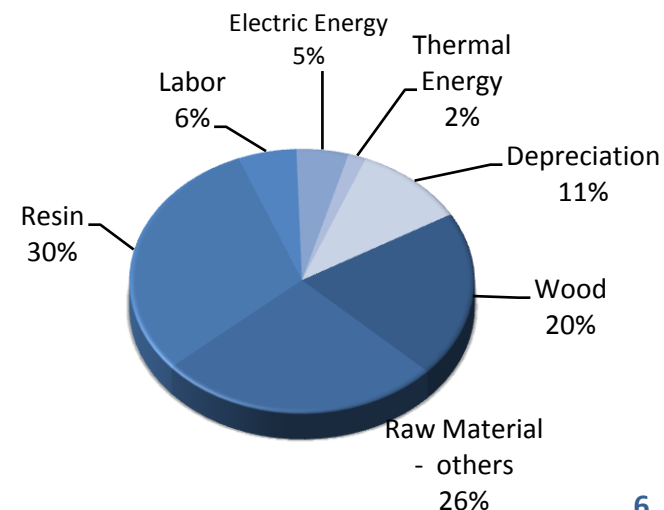
MDP Panels

Market Share



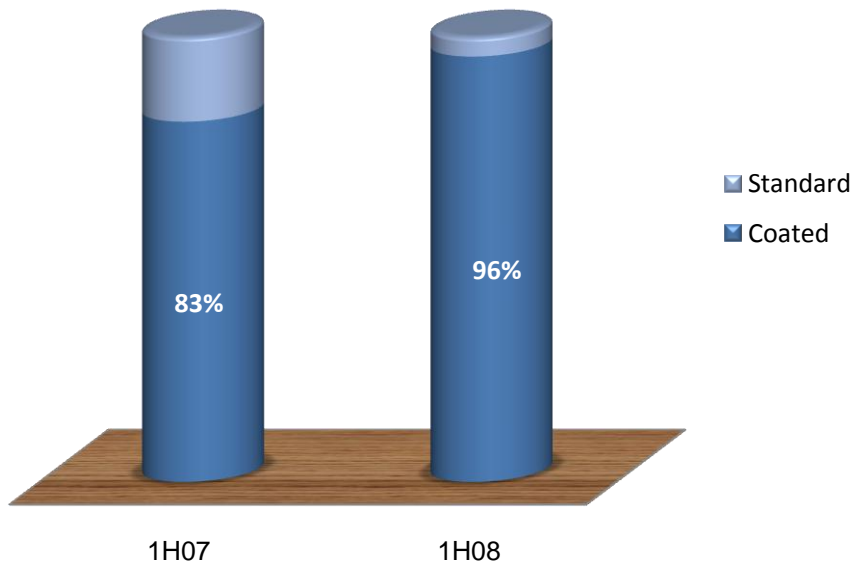
MDP Panels

COGS - MDP - 1H08

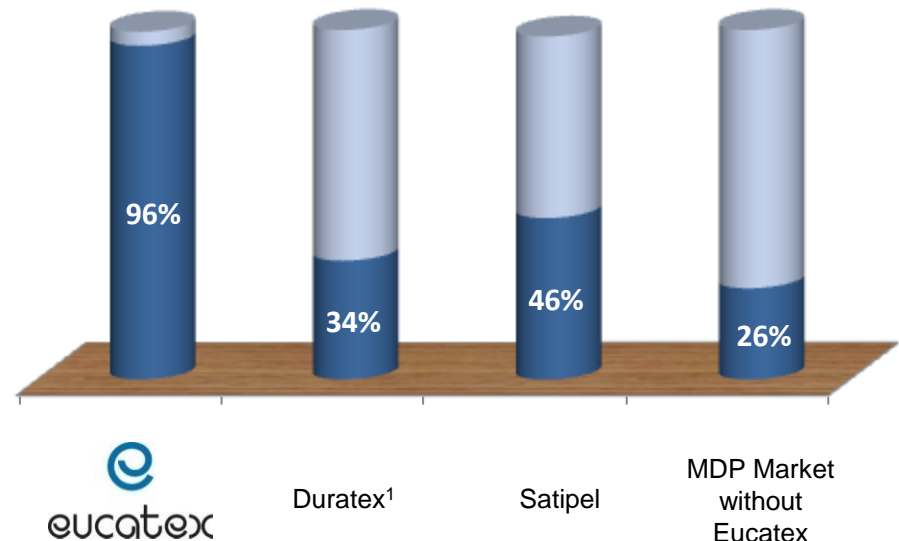


- » Eucatex's sales mix has a higher percentage of coated products compared to market peers.
- » In 1H08, the percentage of **coated products**, which have a higher value-added, was **96%** of total MDP sales.

EUCATEX Percentage of MDP Coated Products



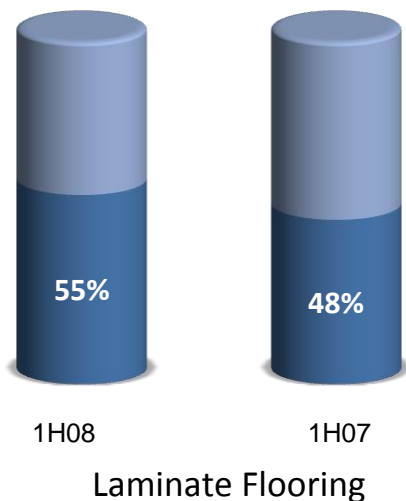
Percentage of Sales of MDP Coated Products



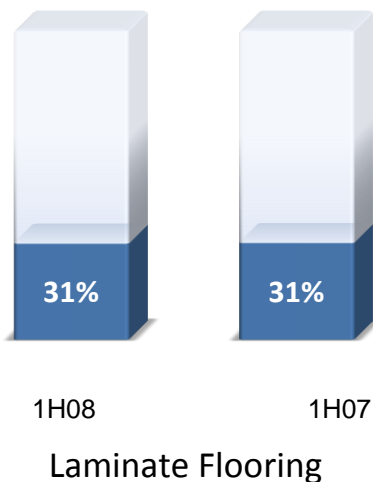
- » In 1H08, Laminate Flooring posted gross revenue of R\$ 33.8 million, **12.2% up** on 1H07;
- » In 1H08, new flooring lines - Prime, Rustic and Classic - were launched and presented at leading industry fairs: Revestir and Feicon.



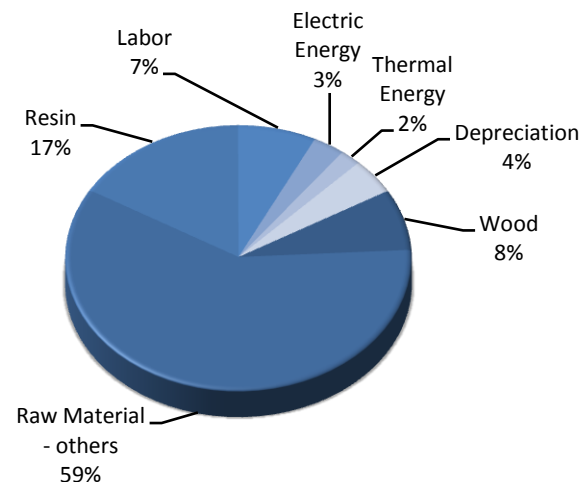
Installed Capacity Used



Market Share



COGS - Laminate Flooring – 1H08



Flooring Launches



- » **Eucafloor Classic** – Has the veins and satin texture of natural wood. Floors that combine vision and touch.



- » **Eucafloor Rustic** – Floors that remind the textures of rustic and premium wood.

- » **Fairs** – Revestir and Feicon – sales stands built with Eucatex products. The facades were made of Tamburato (an eco-friendly product), underlining the company's concern for the environment.



37.8% increase in gross revenue versus 1H07, reflecting the following initiatives:

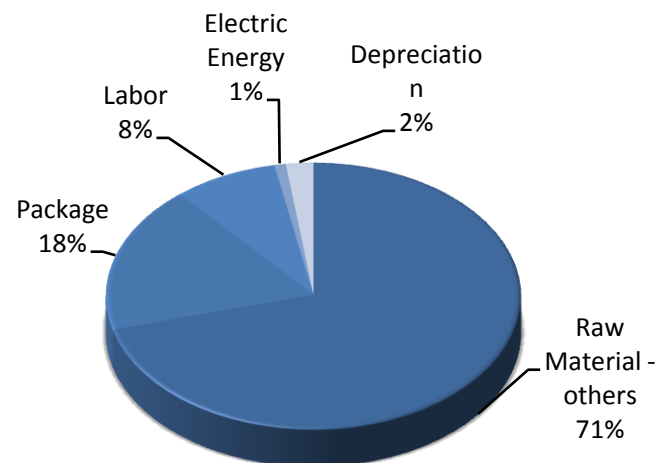
- » Strengthening of the sales team in several regions of the country;
- » Creation of new product distribution centers;
- » Launch of new products and color standards, plus increased usage of the Tintometric System.



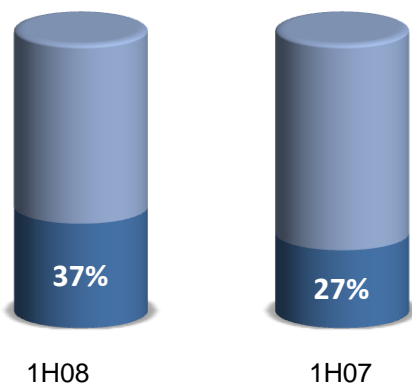
Growth	2006	2007	1H08
Eucatex	34%	52%	34%
Market (*)	3%	6%	8%

(*) source: Sitivesp and Eucatex 1H08 Forecast

COGS - Paints - 1H08

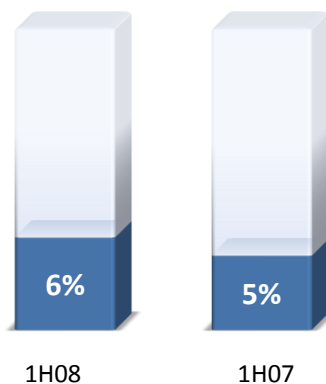


Installed Capacity Used



Paint and Vernish

Market Share (*)



Paint and Vernish

(*) Source: Eucatex Estimates



- » **Eucatex Maritime Acrylic Super Premium** – Offers extra protection for surfaces in more aggressive environments.

- ▽ **Wood Line** – Complete line of varnishes, sealants and stains. Used in wooden houses, doors, furniture, windows, gates and decks.



- ▽ **E-colors** – A high-tech Tintometric system that automatically prepares more than 1,000 color standards, besides many other that can be created.

» Forests

Annual consumption (with the new line) estimated at 1.4 million m³, equivalent to 4,400 hectares of forests for a 7 year period and productivity of 45 m³/ha.

Current forests: 40,000 hectares, with approximately 30,000 hectares under plantation.

The Company has invested to amplify this volume of forests, by aquisitions of new areas or by leasing.

- Average Radius from Salto – 122 km
- Average Radius from Botucatu – 60 km

**New Forests Planted
in 2007**

5,400 ha*

**New Forests Planted
in 1H08**

2,500 ha*

* ha = hectare



Guarantee of sustainability and likely development of new projects.

» Wood Recycling Project – First wood recycling line for industrial use in Brazil

- Collection of Waste – 150 Km Radius
- Processing of up to 20,000 tons of waste per month.

Products:

- Thermal energy generation
- Recycling in the production process

Results

- Environmental benefits.
- Savings of a significant portion of the company's forests.



Results of Recycling:

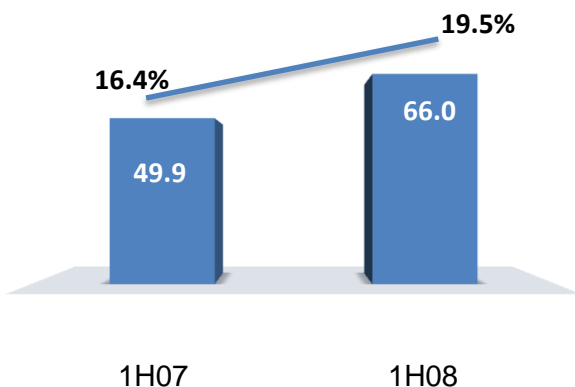
Volumes processed in 1H08 = **56,200 tons** in the previous quarter.

This annualized volume would correspond to 900 hectares of forests, representing a **R\$10 million/year** investment on land alone.

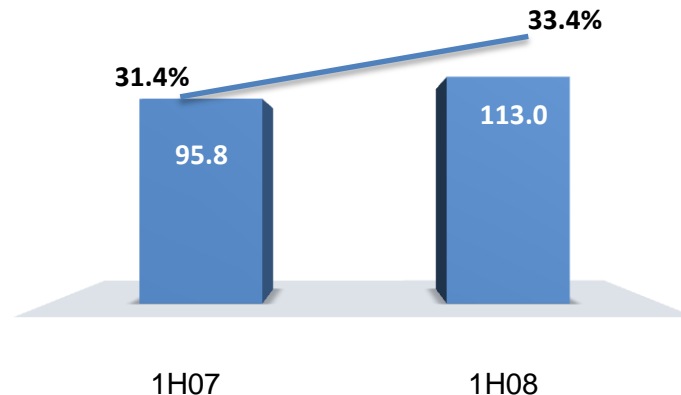
Financial Highlights

Highlights 2Q08 (R\$ MM)	2Q08	2Q07	Var. (%)	1H08	1H07	Var. (%)
Net Revenue	164.5	155.4	5.8%	338.8	305.0	11.1%
<i>Cost of Good Sold</i>	<i>(109.2)</i>	<i>(105.5)</i>	<i>3.5%</i>	<i>(225.8)</i>	<i>(209.1)</i>	<i>8.0%</i>
<i>Gross Income</i>	<i>55.2</i>	<i>49.9</i>	<i>10.7%</i>	<i>113.0</i>	<i>95.8</i>	<i>17.9%</i>
Gross Margin (%)	33.6%	32.1%	+1,5 p.p.	33.4%	31.4%	+2,0 p.p.
<i>Adm. And Comercial Expenses</i>	<i>(34.7)</i>	<i>(33.5)</i>	<i>3.6%</i>	<i>(66.9)</i>	<i>(64.2)</i>	<i>4.2%</i>
<i>Others Operational Costs</i>	<i>(1.8)</i>	<i>(3.4)</i>	<i>-46.8%</i>	<i>(2.4)</i>	<i>(2.6)</i>	<i>-10.7%</i>
EBITDA	30.0	23.7	26.6%	66.0	49.9	32.3%
Margin EBITDA (%)	18.2%	15.2%	+3,0 p.p.	19.5%	16.4%	+3,1 p.p.
<i>Net Financial Income</i>	<i>(4.0)</i>	<i>(2.6)</i>	<i>-55.0%</i>	<i>(11.5)</i>	<i>(8.1)</i>	<i>-40.8%</i>
<i>Non Operating Income</i>	<i>(0.0)</i>	<i>0.0</i>	<i>n.m.</i>	<i>7.5</i>	<i>(0.1)</i>	<i>n.m.</i>
<i>Taxes</i>	<i>(2.8)</i>	<i>-</i>	<i>n.m.</i>	<i>(9.0)</i>	<i>-</i>	<i>n.m.</i>
Net Income	11.8	10.4	14.0%	30.7	20.7	48.4%

EBITDA(R\$ MM) and Margin EBITDA (%)

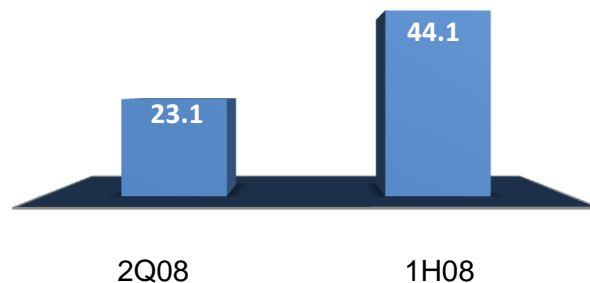


Gross Income (R\$ MM) and Gross Margin (%)



- » Investments in the new T-HDF line;
- » New impregnator - increased capacity and reduced costs;
- » New fiberboard press to be installed at the Salto unit - 8.5 million square meters p.y.;
- » Acquisition of equipment for the second generation of Lacca product;
- » Automation of the polishing and humidifying processes at the Salto plant's lines I and II;
- » Planting of 2,500 hectares of new forests.

Capex Investments (R\$ MM)





Exclusive MDP panels line with varnish coating of high shining.



- » Project follows schedule;
- » Line expected to go operational by the end of 1H09; and
- » All the required equipment to be delivered by the end of 2008.

T-HDF: Similar to MDF, but with superior density and quality.

New T – HDF Line	
Growth in Installed Capacity	110 million m ² / year
Additional Gross Revenue	R\$ 250 million
EBITDA	R\$ 90 million

**EBITDA
Margin**

50 %

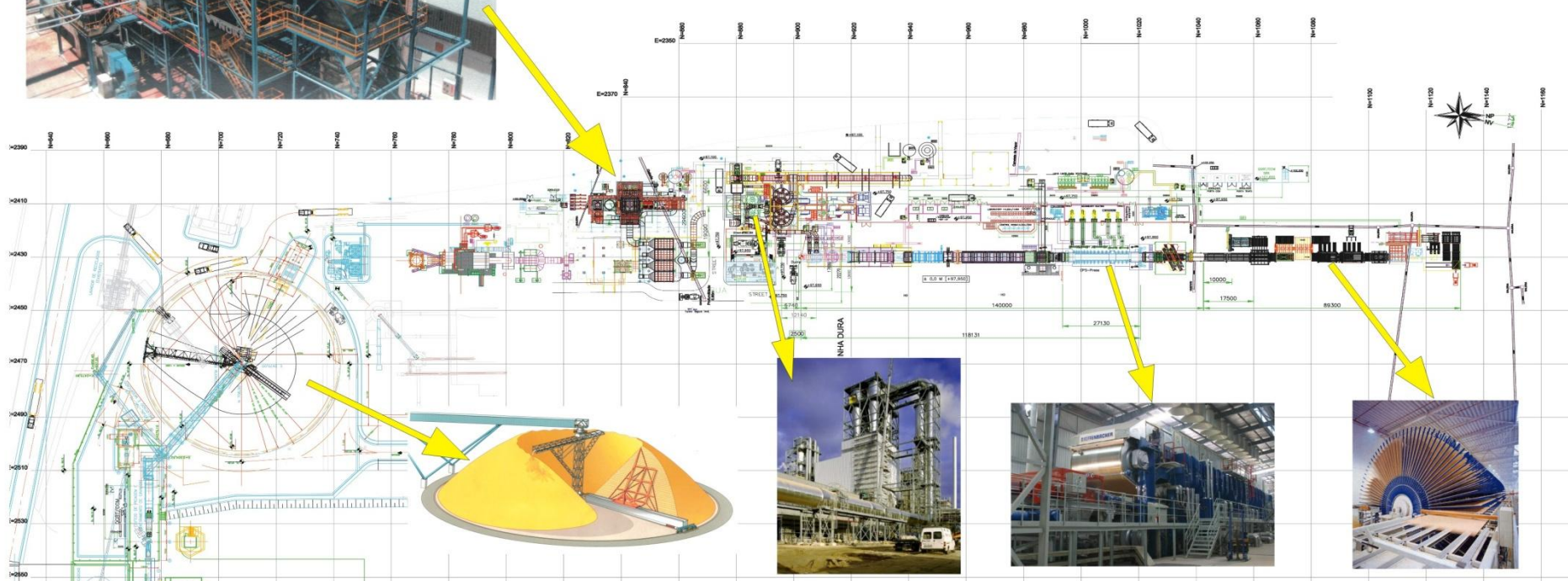
Commence of the construction for the installation of the new T-HDF panels



T-HDF new plant (Thin High Density Fiberboard)

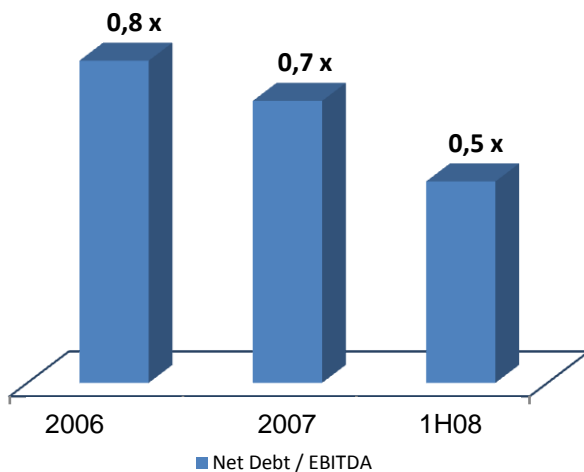
Salto - SP

Conclusion until June of 2009

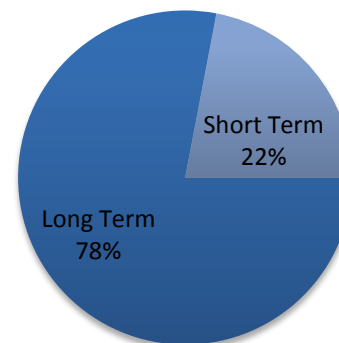


Debt (R\$ MM)	2Q08	2Q07	Var. (%)
<i>Short Term Debt</i>	17.3	35.8	-51.7%
<i>Long Term Debt</i>	62.3	75.0	-16.9%
Gross Debt	79.6	110.8	-28.1%
<i>Cash and Cash Equivalents</i>	7.5	3.3	124.7%
Net Debt	72.2	107.5	-32.9%
<i>% Short Term Debt</i>	22%	32%	- 10 p.p.
Net Debt/ EBITDA	0.5	1.1	-49.3%

Net Debt % Short Term Debt



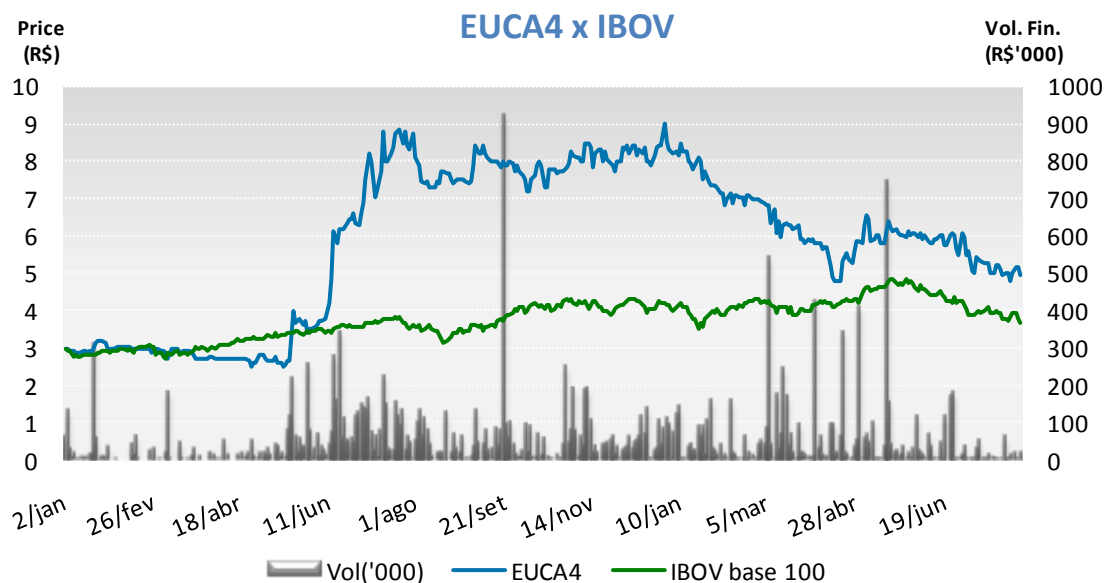
Debt Profile 1H08





- » On April 24, 2008, Eucatex **Board of Directors** had the addition of 3 new members, with term of office until April of 2011. They are:
 - *Antônio Delfim Netto;*
 - *Marcelo Faria Parodi;*
 - *Heitor Aquino Ferreira.*

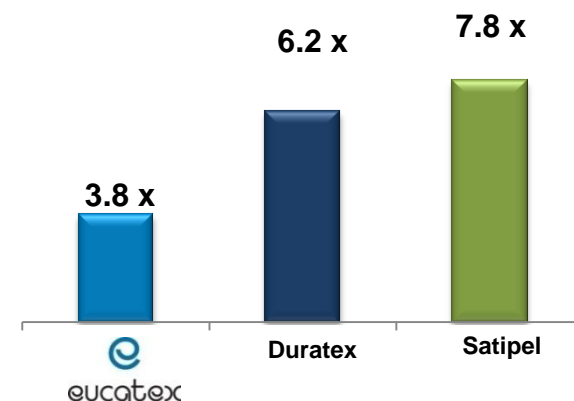
- » Since May 12, 2008, **Terco Grant Thornton** is the independent auditor organ responsible for the analysis of the Company financial statements.



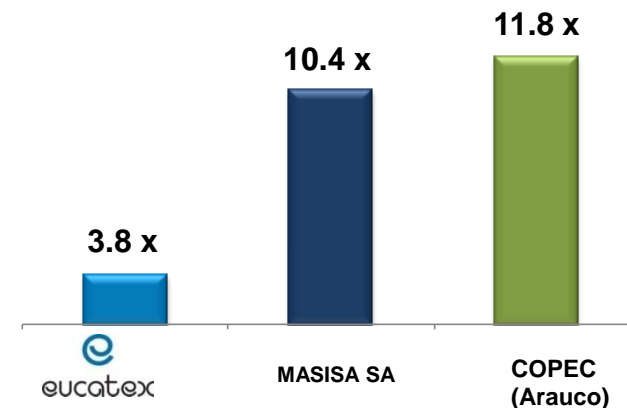
» **EUCA4 price on June 30, 2008: R\$ 6.04**

» **Appreciation from January 1, 2007 to August 4, 2008:**
EUCA4: +65% IBOV: +23%

EV/EBITDA* ratio EUCATEX x Brazilian Peers



EV/EBITDA** ratio EUCATEX x International Peers



- » **New T-HDF line** – strategically differentiated from competitors;
- » **Energy cost under control**: Eucatex has electric energy contracts till 2012 (including for the new T-HDF line). The implementation of the recycling project will allow the company to obtain the biomass required for its boilers at the same cost as the wood produced in its forests;
- » **Forestry self-sustainability** ensured by the 40,000-hectare forests and a production process certified by ISO 14001 and the Green Seal granted by FSC;
- » Paint segment with **growth rates higher than the market rate**, and installed capacity available to support such growth;
- » **Excellent prospects** for its main markets: Construction and Furniture Industry;
- » **Higher share appreciation potential** (EV/EBITDA) compared to peers.

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