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Conference Call

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Portuguese

10:00 a.m. (Brasília)

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EUCATEX announces 1Q12 results

Net Revenue growth of 7.4%. EBITDA of R\$42 million, for EBITDA Margin of 19.2%.

São Paulo, May 8, 2012. Eucatex (BM&FBovespa: EUCA3 and EUCA4; Bloomberg: EUCA3 BZ and EUCA4 BZ), one of Brazil's largest fiberboard manufacturers, with operations also in the segments of paint and varnish, laminate flooring, wall partitions and doors, announces its results for the first quarter of 2012 (1Q12). Unless stated otherwise, all financial and operating information herein is audited and presented on a consolidated basis in thousands of Brazilian real (R\$ '000), in accordance with Brazilian Corporation Law, and all comparisons refer to the first quarter of 2011 (1Q11). The Company's consolidated financial statements are prepared and presented in accordance with International Financial Reporting Standards (IFRS) and based on the pronouncements fully converged to the international accounting standards issued by the Accounting Pronouncements Committee (CPC) and approved by the Securities and Exchange Commission of Brazil (CVM). We recommend that this material be considered together with the Notes to the Financial Statements.

Highlights

- » **Net Revenue** reached **R\$218.9 million** in 1Q12, up **7.4%** from 1Q11;
- » **Gross Margin** of **33.2%** in **1Q12**, down 2.6 p.p. from 1Q12;
- » **EBITDA** remained stable at **R\$42 million**; and
- » **Approval** by an Extraordinary Shareholders' Meeting for an **issue of debentures** amounting to **R\$75 million** and maturing in 5 years.

Highlights (R\$ MM)	1Q12	1Q11	Var. (%)
Net Revenue	218.9	203.9	7.4%
Gross Profit	72.8	73.1	-0.5%
Gross Margin (%)	33.2%	35.9% 	-2.6 p.p.
EBITDA	42.0	42.2	-0.4%
EBITDA Margin (%)	19.2%	20.7% 	-1.5 p.p.
Net Income	15.4	24.3	-36.5%
Net Debt	238.7	138.3	72.6%
Net Debt / EBITDA (LTM)	1.4	0.8	73.2%
EBITDA RECORRENTE	40.6	42.2	-3.7%
Margem EBITDA (%)	18.6%	20.7% 	-2.1 p.p.

Management Comments

An analysis of the Monthly Retail Survey (PMC), disclosed by the Brazilian Institute of Geography and Statistics (IBGE), for the period of 2004-2011 shows that higher income levels and credit, as well as the growing job market are among the factors driving retail growth. All signs indicate that these factors will continue to help spur consumption. The measures adopted by the government to reduce banking spreads and changes to the rules on savings accounts signal that the benchmark Selic rate should close the year at its lowest ever, further driving consumption.

In 2012, the government adopted two measures that are expected to benefit the furniture market: reduction in the IPI tax on furniture, for long demanded by the industry since household appliances competing with furniture for space in stores had already benefitted from this measure; and the announcement of a new financing line for the acquisition of furniture and household appliances, targeted at the participants of the *Minha Casa, Minha Vida* housing program. A total of R\$2 billion will be made available for this line through a partnership between Caixa Econômica Federal and ABIMÓVEL, the Brazilian Furniture Manufacturers Association, which is estimated to

benefit around 700,000 families immediately and may reach over 3 million, if those covered phases one and two of the program, until 2014, are included, according to Agência Brasil.

In the furniture industry, modulated furniture manufacturers, who focused on the income groups B and B+, started creating new lines of furniture at more accessible prices to meet the new demand from the income group C, which comprises families that bought apartments measuring between 40 and 70 sq.m. and wish to make the best use of the available space.

In the construction sector, the scenario remains positive, with the ABRAMAT (Brazilian Building Material Industry Association) index increasing by 3.3% in the first quarter of 2012 and by 6.3% for finishing materials. This scenario should increase the demand for the Company's products.

According to the Brazilian Fiberboard Manufacturers Association (ABIPA), the fiberboard segment, including all types of boards (MDP, T-HDF/MDF, fiberboard), grew 12.6% compared with 1Q11.

Market

In 1Q12, the Company's physical sales presented a distinct performance for each product line compared with 1Q11. Fiberboard sales in the domestic market, including all board types, grew 9.2%, compared to 12.6% market growth. The sales growth in the domestic market was basically driven by the T-HDF/MDF line, which expanded by 57% in relation to 1Q11. The MDP segment recorded an increase of 2% in sales volume, while the fiberboard segment registered a drop of 19%. Considering both domestic and export markets, fiberboard sales volume grew 2%, with the latter growing 138%.

In 1Q12, the Company carried out maintenance stoppages in its three fiberboard plants for preventive purposes, which lasted approximately 10 days in the MDP line, 15 days in the fiberboard lines, and 5 days in the T-HDF/MDF line, where a new stoppage is scheduled for June 2012 to install equipment that will help reduce costs and increase production levels.

In the Laminate Flooring line, the Company posted growth of 8.1%, higher than the market average of 7.3%, considering only domestic manufacturers. The laminate flooring market has faced stiff competition from imported flooring, which led ABIPLAR (the Brazilian Association of Laminate Flooring Manufacturers) to obtain from the government an approval for the establishment of a benchmark price in order to prevent unfair import practices for these products. Moreover, the

depreciation of the real against the U.S. dollar and the end of the fiscal war should benefit the sector as a whole.

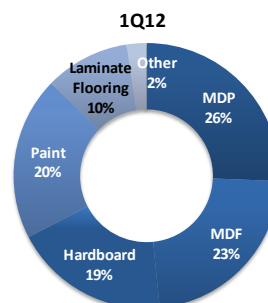
According to ABRAFATI (Brazilian Paint Manufacturers Association), the paint market contracted 5.5% in 1Q12 compared with 1Q11. In the same period, the Company registered a 6.9% reduction in physical sales. In 1Q11, paint producers and Eucatex announced price increases effective as of April 2011. This prompted an anticipation of paint purchases, which largely explains the contraction in sales this quarter compared with the same period last year. Eucatex's sales in the year through April remained stable compared with the same period in 2011.

Operating Performance 2005 - 100 base			
Sales Volume (Domestic Market)	1Q12	1Q11	Var. (%)
Hardboard (DM)	148	135	9.2%
Hardboard (FM)	63	26	137.9%
Laminate Flooring	224	207	8.1%
Paint	372	400	-6.9%

DM - Domestic Market / FM - Foreign Market

Operational Performance

Gross Revenue Breakdown (R\$ MM)	1Q12	1Q11	Chg. (%)
Hardboard	41.5	50.4	-17.7%
MDP	56.1	51.3	9.4%
MDF	49.8	25.3	97.3%
Laminate Flooring	22.6	21.7	4.0%
<i>Wood Segment</i>	<i>170.0</i>	<i>148.7</i>	<i>14.4%</i>
<i>Paint Segment</i>	<i>43.6</i>	<i>43.4</i>	<i>0.3%</i>
Others	5.3	11.7	-54.8%
Gross Revenue	218.9	203.9	7.4%



Net revenue in the quarter increased 7.4% over 1Q11 to reach R\$218.9 million.

The wood segment grew 14.4% year-on-year, chiefly due to the 97.3% increase in sales of the new T-HDF/MDF line. The MDP boards segment recorded increase of 9.4%. The growth in net revenue from the MDP segment shows the recovery of prices in the period, which should continue in the second quarter, since price increases for the product had already been announced.

In the fiberboard segment, net revenue fell by more than sales volume, despite the higher share of exports, mainly due to the exchange variation in the period.

The laminate flooring line was the only segment in which net revenue increase was lower than the increase in physical sales, basically due to the higher growth in the entry level lines.

Cost of Goods Sold (COGS)

COGS increased 10.7% compared with 1Q11, negatively impacted by the higher costs of some important inputs, such as chemicals and urea formaldehyde resin, and by the maintenance stoppages, since fixed costs were diluted over a lower volume of production.

Financial Performance

Gross Income and Gross Margin

Gross income remained stable, at R\$72.8 million in 1Q12, a slight 0.5% decline from R\$73.1 million in 1Q11. Gross margin stood at 33.2% in 1Q12, down 2.6 p.p. from the same period last year, primarily due to the maintenance stoppages in the quarter, with the lower production negatively impacting COGS.

Operating Expenses

Operating Expenses Distribution	1Q12	1Q11	Chg. (%)
Sales	(31.8)	(30.7)	3.6%
General and Administration	(11.9)	(10.9)	9.3%
Total Operating Expenses	(43.7)	(41.6)	5.1%
% Net Income	-20.0%	-20.4%	-0.4 p.p.
Others Operating Revenues and Expenses	0.8	(1.5)	-155.5%

Selling expenses increased 3.6% in 1Q12 in relation to 1Q11. Despite the nominal increase of 5.1% in relation to 1Q11, the sum of administrative and selling expenses corresponded to 20.0% of the revenue in 1Q12, versus 20.4% in 1Q11.

EBITDA and EBITDA Margin

EBITDA Reconciliation (R\$ MM)	1Q12	1Q11	Chg. (%)
Net income (Loss)	15.4	24.3	-36%
Deferred Income and Social Distribution Taxes	4.3	2.3	84%
Net Financial Income	10.1	3.4	195%
Depreciation and Amortization	23.1	23.3	1%
Fair Value Variation Related to Biologic Assets	(10.9)	(11.2)	-2%
EBITDA	42.0	42.2	0%
EBITDA Margin	19.2%	20.7%	-1.5 p.p.

In 1Q12, the Company posted EBITDA of R\$42 million, flat in relation to 1Q11. EBITDA margin stood at 19.2% in 1Q12, down 1.5 p.p. from 20.7% in 1Q11.

The Company has been recording higher-than-projected fixed and variable costs for the T-HDF/MDF line, which has reflected in lower margins. Eucatex believes that after the next stoppage, it should reach the profitability levels projected for this line.

Net Income

Net income in 1Q12 was R\$15.4 million, down 36.5% from 1Q11, mainly influenced by the financial result.

Debt

Eucatex's net debt totaled R\$238.7 million at the end of 1Q12, representing 1.4 times its annualized EBITDA.

Debt (R\$ Million)	1Q12	1Q11	Chg. (%)
Short Term Debt	174.2	104.2	67.1%
Long Term Debt	82.0	68.5	19.8%
Gross Debt	256.2	172.7	48.3%
Cash and Cash Equivalents	17.5	34.4	-49.1%
Net Debt	238.7	138.3	72.6%
<i>% Short Term Debt</i>	<i>68%</i>	<i>60%</i>	<i>7.6 p.p.</i>
Net Cash (Debt)/EBITDA	1.4	0.8	73.2%

On April 18, 2012, an Extraordinary Shareholders' Meeting approved the issue of 7,500 simple, non-convertible debentures amounting to R\$75 million and maturing in five years from the issue date. For more information, visit www.eucatex.com.br/ir.

Capex

Investments in 1Q12 include the following:

- Expansion of the recycling capacity;
- New laminated flooring line in Botucatu, SP;
- Conclusion of the installation of the new Doors and wall partitions line in Salto, SP;
- Investments in the planting of forests, totaling 1,095 hectares in 1Q12; and
- Ancillary equipment for the T-HDF/MDF line to increase its capacity and reduce costs.

Sustainability

Eucatex's forest sustainability, including the operations of its new T-HDF/MDF line, is assured by 45,800 hectares of forests, all of which in São Paulo state.

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

Eucatex also pioneered the implementation of the first woodchip recycling line on an industrial scale in South America. Its state-of-the-art equipment enables materials obtained within a 120-kilometer radius from the Salto unit to be used as the raw material for the production of boards and also as biomass for firing its boilers. Total processing capacity is 240,000 metric tons/year, equivalent to approximately 2 million trees, 470,000 cubic meters of standing timber or 1,500 hectares of forest. Investments in land and planting in order to maintain this volume of wood, considering a 7-year cycle, would amount to around R\$200 million. This wood recycling process, in addition to aiding with costs, prevents all the materials from being deposited in local landfills.

Capital Markets

Eucatex PN stock (EUCA4) listed on the São Paulo Stock Exchange (BM&FBOVESPA) ended 1Q12 quoted at R\$8.38. Based on the 1Q12 closing price, Eucatex's market capitalization stood at R\$776.1 million, equivalent to 4.8 times annualized EBITDA and approximately 78% of its book value.

Currently, Eucatex is listed in Level 1 of BM&FBovespa's Special Corporate Governance segment.

In April 2011, the Company announced a stock buyback program authorized to acquire 10% of all outstanding preferred shares. The program ended on April 14, 2012.

About Eucatex

Eucatex S.A. Ind. e Com. (BM&FBovespa: EUCA3 and EUCA4), which completed 60 years of operations in 2011, is one of Brazil's largest manufacturers of flooring, wall partitions, doors, MDP/MDF/T-HDF boards, fiberboard and paints and varnishes. With 2,379 employees, Eucatex exports to more than 37 countries and has four modern plants located in the cities of Botucatu and Salto in the inland region of São Paulo state. For more information, visit 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. These forward-looking statements substantially depend on changes in market conditions, the performance of the Brazilian and international economies and the industry and therefore are subject to change without prior notice.

The Eucatex Group's policy for the services of independent auditors that are not related to the external auditing of its financial statements is based on the principles of professional independence, which state that an auditor should not examine his own work, perform managerial functions or practice law on behalf of clients. In 1Q12, the Eucatex Group did not contract any services from Grant Thornton Auditores Independentes other than auditing services.

Income Statement

(R\$ '000)	1Q12	1Q11	Var. (%)
Gross Revenue	270.4	254.0	6.4%
Sales taxes and Deductions	(51.5)	(50.2)	2.5%
Net Revenues	218.9	203.9	7.4%
Fair value variation related to biologic assets	10.9	11.2	2.3%
Cost of Goods Sold	(157.1)	(141.9)	10.7%
Gross Profit	72.8	73.1	-0.5%
Operating Expenses	33.2%	35.9%	-2.6 p.p.
Sales	(31.8)	(30.7)	3.6%
General and Administration	(10.3)	(9.4)	9.4%
Management Remuneration	(1.6)	(1.5)	8.7%
Other Operational Expenses	0.8	(1.5)	155.5%
Operational (loss) Income	(42.9)	(43.1)	-0.3%
Operational Result	29.8	30.1	-0.8%
Financial (Expense) Income	(10.1)	(3.4)	194.7%
Operational Result	19.7	26.6	-26.0%
Taxes	(4.3)	(2.3)	84.3%
Net (Loss) Income	15.4	24.3	-36.5%
Net Margin	7.1%	11.9%	-4.9 p.p.

Balance Sheet

Balance Sheet (R\$ '000)	1Q12	1Q11	Chg. (%)
ASSETS			
Current Assets			
Cash and Equivalents	11.5	4.3	168.1%
Securities	6.0	30.1	-80.1%
Clients	186.5	160.4	16.3%
Inventories	99.8	86.1	15.9%
Taxes Recoverable	28.6	28.3	1.3%
Other Credits	1.2	3.5	-64.5%
Deferred expenses	1.6	0.3	436.9%
Total Current Assets	335.3	312.9	7.2%
Non-Current Assets			
Long- Term Assets			
Clients	4.6	0.3	1298.7%
Available-for-sale	0.8	0.9	-4.0%
Investment properties	28.2	30.2	-6.5%
Taxes Recoverable	9.2	10.4	-11.4%
Deferred income tax and social contribution	4.6	7.3	-36.5%
Judicial Deposits	7.9	7.6	4.6%
Other Credits	17.2	20.8	-17.1%
Total Long- Term Assets	72.6	77.4	-6.2%
Permanent Assets			
Investments	-	-	0.0%
Fixed Assets	1,059.7	1,000.2	6.0%
Biologic assets	271.1	229.6	18.1%
Intangible	0.5	0.7	-25.3%
Total Permanent Assets	1,331.4	1,230.5	-1.2%
Total Non-Current Assets	1,404.0	1,307.9	7.3%
Total Assets	1,739.3	1,620.8	7.3%
LIABILITIES			
Loans and Financing	174.2	104.2	67.1%
Suppliers	93.7	100.5	-6.7%
Salaries	20.2	16.8	20.5%
Tax, Accrued Expenses and Payroll	15.6	14.4	7.9%
Tax Installments	30.1	9.6	212.7%
Advances from Clients	12.5	1.5	746.3%
Dividends payable	33.5	21.3	57.5%
Accounts Payable	27.0	27.5	-1.8%
Total Current Liabilities	406.8	295.8	37.5%
Non- Current Liabilities			
Loans and Financings	82.0	68.5	19.8%
Tax Installments	91.5	123.0	-25.7%
Income tax and social contribution	68.9	72.5	-4.9%
Provision for judicial demands	77.4	99.8	-22.5%
Total Long-Term Liabilities	319.8	363.8	-12.1%
Shareholder's Equity			
Capital	488.2	488.2	0.0%
Treasury Stocks	(2.9)	(0.8)	259.4%
Revaluation Reserves	215.9	238.5	-9.5%
Adjustment of asset evaluation	102.4	105.3	-2.7%
Profit Reserve	193.7	105.8	83.0%
Other Results	(0.1)	(0.1)	-51.2%
Retained Earnings	15.4	24.3	-36.5%
Total Shareholder's Equity	1,012.6	961.2	5.4%
Total Liabilities and Shareholder's Equity	1,739.3	1,620.8	7.3%

Cash Flow

Cash Flow (R\$ 000)	1Q12	1Q11
Net Income before Income Tax and Social Contribution Tax	19.7	26.6
Adjustments to Reconcile Net Income and Operating Cash Flow		
Depreciation and Amortizations	11.2	10.9
Exhaustion of biologic assets	11.9	12.6
Residual Value of Fixed Assets Sold	0.0	0.2
Fair value variation related to biologic assets	(10.9)	(11.2)
Write-off investments	-	-
Interest, Monetary and Exchange Variations on Loans	4.8	5.0
Provision for Inventory Losses	-	-
Income and Social Contribution Taxes	(2.5)	(5.4)
Deferred income tax and social contribution	(1.8)	3.1
Provision for obligations and others	1.4	(1.4)
Provision for obligations with shareholders	-	-
Changes in operating assets and liabilities		
Securities	2.9	(27.8)
Clients	(0.7)	(8.6)
Related Parties	-	-
Inventories	4.0	(5.1)
Recoverable taxes	1.0	4.2
Deferred income tax and social contribution	-	0.0
Next period expenses	0.9	0.4
Judicial deposits	(0.0)	0.0
Other Credits	4.5	55.3
Suppliers	(8.2)	(12.2)
Labor and Tax Liabilities	(7.7)	(2.7)
Tax Installments	(3.3)	0.6
Advances from Clients	8.2	(2.9)
Other Liabilities	(12.1)	(17.6)
Net Cash Flow from Operating Activities	23.4	24.2
Cash Flow from Investing Activities		
Addition to fixed assets	(29.8)	(29.9)
Addition to biological assets	(13.8)	(7.4)
Net Cash Flow from Investing Activities	(43.6)	(37.3)
Cash Flow from Financing Activities		
Amortization of Loans	(42.3)	(31.1)
Inflow of Loans	66.0	43.1
Treasury shares	-	-
Net Cash Flow from Financing Activities	23.7	12.0
Increase (Reduction) in Net Cash and Cash Equivalents	3.4	(1.2)
Cash and Cash Equivalents		
Beginning of period	8.1	5.5
End of period	11.5	4.3
Supplemental Information:		
Income Tax and Social Contribution Paid	(2.6)	(2.8)