

Eucatex Successfully Completes its Capital Restructuring, Reduces Indebtedness and Announces Year-To-Date Gross Revenue of R\$562.3 million and Net Income of R\$42.1 Million

São Paulo, November 8, 2007 – Eucatex (Bovespa: EUCA3 e EUCA4), one of the largest manufacturers of hardboard and medium density particleboard (MDP) in Brazil, with operations also in the paint, laminate flooring, partitions and agricultural substrate sectors, announces its results for the third quarter of 2007 (3Q07). The financial and operating information presented herein, except where stated otherwise, is audited and presented on a consolidated basis in Brazilian real, pursuant to Brazilian Corporate Law, and all comparisons refer to the third quarter of 2006 (3Q06).

Highlights

- » **Gross revenue** totaled **R\$193.4 million** in the quarter, up **15.2%** over the 3Q06. In the 9M07, gross revenue amounted to R\$562.3 million, an increase of 11% compared to the 9M06, due to higher domestic sales volumes, led by: paint, up 52% (34% in 2006 vs. 2005); MDP panels, up 20%; laminate flooring, up 8%; and hardboards, up 9%.
- » **EBITDA** reached **R\$25.3 million** in the quarter, up **165.8%** compared to the 3Q06, while EBITDA margin rose from 6.8% to 16.4%. In the 9M07, EBITDA moved up by 61% to R\$75.8 million.
- » **Net financial result** stood at **R\$2.2 million in the 9M07**, versus an expense of R\$65.5 million in the same period last year, driven by the significant drop in the Company's indebtedness, due to approval of the Company's recovery plan and the impacts from appreciation in the Brazilian Real.
- » **Eucatex net income was R\$21.4 million** in the quarter, against a net loss of R\$ 32.1 in the 3Q06. In the year, net income was R\$42.1 million, versus the R\$59.2 million loss recorded in the same quarter last year.
- » On September 19, 2007, Eucatex **successfully ratified the results of its judicial recovery plan presented at the general meeting held in October 2006**, with the remaining net debt standing at R\$ 98.7 million. The judicial recovery plan was fully approved by the creditors and consisted of: a) Payment in kind of lands and forests, however, without impacting the sustainability of the forestry business; b) Debentures convertible into capital; c) Payment in cash, and d) Lengthening of the remaining debt to up to 10 years, leaving the company with a net debt/EBITDA ratio of 1.0x in the 3Q07, representing sharp improvement in relation to the ratio of 6.0x in the 3Q06.

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3Q07 Conference Call:

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Code: Eucatex
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3Q07 Highlights (R\$ MM)	3Q07	3Q06	Var. (%)	9M07	9M06	Var. (%)
Net Revenue	154.1	139.3	10.7%	459.1	418.3	9.8%
Gross Profit	47.9	39.9	20.1%	143.8	122.9	17.0%
Gross Margin (%)	31.1%	28.7%	+2.4 p.p.	31.3%	29.4%	+1.9 p.p.
EBITDA	25.3	9.5	165.8%	75.8%	47.1	60.9%
EBITDA Margin (%)	16.4%	6.8%	+9.6 p.p.	16.5%	11.3%	+5.3 p.p.
Net Income	21.4	(32.1)	n.m.	42.1	(59.2)	n.m.
Net Debt	98.7	360.4	-72.6%	98.7	360.4	-72.6%
Net Debt / EBITDA (LTM)	1.0	6.0	-83.7%	1.0	6.0	-83.7%

Operating Performance

Sales Volume

Operating Performance				
2005 - 100 base				
Sales Volume (Domestic Market)	3Q07	3Q06	9M07	9M06
Hardboard	131	102	115	99
Laminate Flooring	139	125	124	114
Paint	209	140	198	130

Sales volume increased in all Eucatex product lines in the quarter, fueled mainly by the investments made in the last two years and the changes in the organizational structure geared towards increasing the company's market share. The current strong expansion in the real estate industry and favorable macroeconomic scenario (with lower interest rates, expansion in consumer credit and higher disposable income) are also helping to significantly boost sales.

Sales volume was led by paint sales, which grew by 52% in the 9M07 compared to the same period the year before. In the domestic market, hardboard has posted strong growth, with sales climbing 16% in the first nine months versus the same period a year ago, while laminate flooring moved up 8% in the same period.

Financial Performance

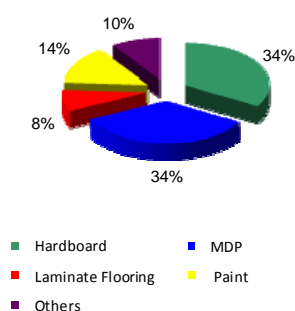
Gross Revenue Breakdown (R\$ MM)	3Q07	3Q06	Var. (%)	9M07	9M06	Var. (%)
Hardboard*	63.9	65.6	-2.5%	188.3	198.3	-5.0%
MDP	67.0	47,0	42.4%	191.9	159.5	20.3%
Laminate Flooring	17.9	17.2	4.2%	47.0	45.9	2.4%
<i>Wood Segment</i>	<i>148.9</i>	<i>129.9</i>	<i>14.7%</i>	<i>427.3</i>	<i>403.8</i>	<i>5.8%</i>
<i>Paint Segment</i>	<i>31.7</i>	<i>22.1</i>	<i>43.4%</i>	<i>81.1</i>	<i>57.4</i>	<i>41.2%</i>
Others	12.9	15.9	(0.4)	53.9	45.4	18.7%
Gross Revenue	193.4	167.9	15.2%	562.3	506.7	11,0%

* The revenue of the Hardboard segment was affected by the exchange rate decreasing of 15,8% in the period.

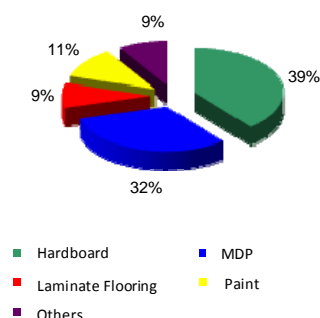
Exports accounts for 20% of Hardboard sales

Gross Revenues

Gross Revenue Distribution 9M07



Gross Revenue Distribution 9M06



Gross revenue rose by 15.2% in the quarter to R\$193.4 million, and by 11% in the first nine months to R\$562.3 million, driven by the increase in overall volume sales and the improved mix of products sold, especially finished MDP.

The paint segment has gained in importance due to its growth in the last two years, with the segment now accounting for 14% of gross revenue in the 9M07, up from 11% in the 9M06. The share of MDP in gross revenue also rose, from 32% in the 9M06 to 34% in the 9M07.

Cost of Goods Sold

The increase in Cost of Goods Sold (COGS) lagged revenue growth in the quarter, due to scale gains from higher production levels and regular efforts to improve production process, resulting in higher quality indicators and lower fixed costs. COGS rose by 6.9% in the quarter to R\$106.2 million and by 6.8% in the first nine months to R\$ 315.3 million.

Gross Income and Gross Margin

Driven by the above factors, gross income was R\$47.9 million in the 3Q07, up by 20.1% over the 3Q06. Gross margin expanded by 2.4 p.p., from 28.7% in the 3Q06 to 31.1% in the 3Q07.

Year-to-date gross income amounted to R\$143.8 million, up 17.0% on the 9M06, with gross margin in the period of 31.3%, i.e., 1.9 percentage point higher.

With the capital restructuring concluded, Eucatex can now focus its efforts on improving operations and fully capitalizing on its competitive advantages.

Moving forward in its strategy to focus on higher value-added products, Eucatex installed two MDP finishing lines: a low-pressure laminate (LPL) line and a high-gloss finish foil (FF) line.

Operating Expenses

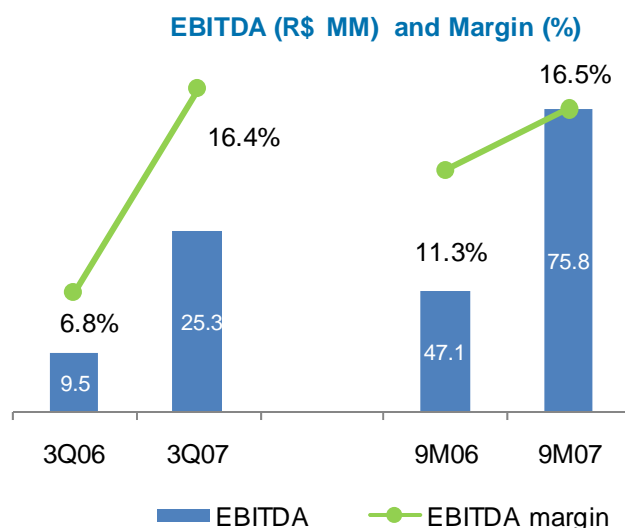
Operating Expenses Distribution	3Q07	3Q06	Var. (%)	9M07	9M06	Var. (%)
Sales	(18.8)	(21.4)	-11.8%	(62.8)	(63.3)	-0.9%
General and Administration	(9.7)	(12.5)	-22.2%	(30.0)	(33.5)	-10.5%
Depreciation and Amortization	(3.9)	(10.3)	-61.9%	(6.6)	(19.7)	-66.7%
Total Operating Expenses	(32.5)	(44.2)	-26.4%	(99.4)	(116.6)	-14.8%
% Net Income	21.1%	31.7%	-10.6 p.p.	21.6%	27.9%	-6.2 p.p.

Operating expenses totaled R\$ 32.5 million in the 3Q07, equivalent to 21.1% of net revenue (an improvement of 10.6 p.p. compared to 3Q06). In the first nine months, sales growth outpaced the increase in operating expenses, with these expenses as a percentage of net revenue declining from 27.9% to 21.6%. The main drivers of this improvement were: adjustments to the company's organizational structure; significant reductions in expenses from the recovery process; and the reduction in "losses and cost deviations" and severance pays in 2006.

Non-recurring expenses and expenses related to the restructuring of approximately R\$ 8.8 million were booked in fiscal year 2007 related to expenses with labor indemnification and expenses effected as a result of the judicial reorganization process that are not expected to recur in the next fiscal year.

EBITDA and EBITDA Margin

EBITDA Reconciliation (R\$ Million)	3Q07	3Q06	Var. (%)	9M07	9M06	Var. (%)
Net income (Loss)	21.4	(32.1)	n.m.	(42.2)	(59.2)	n.m.
Deferred Income and Social Distribution Taxes	-	-	0.0%	-	-	0.0%
Non Operational Results	0.1	-	n.m.	-	-	0.0%
Net Financial Income	5.9	(27.9)	n.m.	(2.2)	(65.5)	-96.6%
Depreciation and Amortization	9.8	13.0	-24.7%	30.1	38.6	-22.0%
EBITDA	25.3	9.5	165.8%	75.8	47.1	60.9%
EBITDA Margin	16.4%	6.8%	+9.6 p.p.	16.5%	11.3%	+5.2 p.p.



Eucatex posted yet another quarter of growing operating results, with EBITDA of R\$25.3 million in the 3Q07 and R\$75.8 million in the 9M07. This positive trend was driven by better operational management and more favorable scenarios in the markets in which the Company operates.

EBITDA margin expanded from 6.8% in the 3Q06 to 16.4% in the 3Q07, a significant improvement of 9.6 percentage points.

Non-recurring expenses and expenses related to the restructuring of approximately R\$ 8.8 million booked in fiscal year 2007 affected EBITDA. Without these expenses adjusted EBITDA would reach R\$ 84.6 million or 18.4% of the Net Revenue.

Net Income

As a result, net income stood at R\$21.4 million in the quarter, versus a loss of R\$32.1 million in the 3Q06. In the 9M07, net income stood at R\$42.2 million, compared to a loss of R\$59.2 million against the same period of last year.

Indebtedness

Debt (R\$ Million)	3Q07	3Q06
Short Term Debt	31.6	366.1
Long Term Debt	71.5	0.1
Gross Debt	103.1	366.1
Cash and Cash Equivalent	4.5	5.7
Net Debt	98.7	360.4
% Short Term Debt	32%	102%
Net Cash (Debt)/EBITDA	1.0	6.0

The approved recovery plan foresees a reduction of 40% in long-term debt, provided all amortizations are made on schedule.

CAPEX

CAPEX (R\$ Million)	3Q07	3Q06	Var. (%)	9M07	9M06	Var. (%)
Investments on sustainability, operational improvements, new forests implementation and others	35.8	25.9	38.0%	85.4	70.8	20.6%

Important investments in this period included:

- » Acquisition of two MDP finishing lines: a low-pressure laminate (LPL) line and a high-gloss finish foil (FF) line.
- » The planting of 4,400 hectares of new forests, which ensures the supply of the current plants and a substantial surplus sufficient for implementing a new panel production line.
- » Conclusion of the wood recycling project.



Recycling Project – In April 2005, Eucatex took a bold step by installing the first recycled wood line for industrial use in Brazil. The project is a pioneering advance in preserving the company's forests, both planted and natural, and in environmental conservation.

Recycling produces inputs used for both thermal energy generation and the production process. As a result of the adoption of these measures, today Eucatex enjoys hundreds of partnerships with companies and municipal governments, which now properly dispose of their waste materials.

The company has the capacity to process 20,000 tonnes of waste materials (pallets, MDF slats, MDP, hardboard, boxes, stumps, slabs, tree branches etc.), which are recycled in own facilities, with advanced equipment for extracting paper, plastic, metal and non-ferrous materials.

About Eucatex

Eucatex S.A. (Bovespa: EUCA3 and EUCA4) is one of Brazil's largest manufacturers of flooring, partitions, ceilings, roof tiles, MDP, hardboard, agricultural substrate, mineral products, paints and varnishes. In 2007, Eucatex completed 56 years of operations. With close to 3,000 employees, the Company exports to more than 40 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 strong growth. For more information please visit the website www.eucatex.com.br/ir

This release contains forward-looking statements relating to the prospects of the business, estimates for operating and financial results, and those related to 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 depend, substantially, 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 Statements

(R\$ MM)	3T07	3T06	Var %	9M07	9M06	Var %
Gross Revenue	193,436	167,883	15.2%	562,320	506,658	11.0%
Sales taxes and Deductions	(39,306)	(28,606)	-37.4%	(103,239)	(88,405)	-16.8%
Net Revenues	154,130	139,277	10.7%	459,081	418,253	9.8%
Cost of Goods Sold	(106,201)	(99,366)	6.9%	(315,336)	(295,368)	6.8%
Gross Profit	47,929	39,911	20.1%	143,745	122,885	17.0%
Operating expenses						
Sales	(18,841)	(21,359)	-11.8%	(62,797)	(63,347)	-0.9%
General and Administration	(9,736)	(12,518)	-22.2%	(30,007)	(33,532)	-10.5%
Other Operational Costs	(3,878)	(10,292)	-62.3%	(6,510)	(19,686)	-66.9%
Equity Income	-	-		-	-	
Operational (Loss) Income	(32,455)	(44,169)	-26.5%	(99,314)	(116,565)	-14.8%
Operational Result	15,474	(4,258)	463.0%	44,431	6,320	603.0%
Financial (expense) Income	5,920	(27,850)	121.3%	(2,217)	(65,528)	-96.6%
Non Operating Income	50	-	n.m.	(65)	-	n.m.
Net (loss) income	21,444	(32,108)	n.m.	42,149	(59,208)	n.m.
Net Margin	13.9%	-23.1%	+37 p.p.	9.2%	-14.2%	+23,4 p.p.

Balance Sheet

R\$ (000)	3T07	3T06	Var %
ASSETS			
Cash and Cash Equivalents	4,466	5,690	-21.5%
Financial Investments	124,312	100,563	23.6%
Inventory	59,827	71,931	-16.8%
Others	47,739	67,228	-29.0%
Non-Current Assets	236,344	245,412	-3.7%
Long-Term Assets	33,802	38,145	-11.4%
Investment	934	934	0.0%
Property, Plant and Equipment	761,065	536,906	41.8%
Deferred Income	6,471	12,076	-46.4%
Permanent Assets	768,470	549,916	39.7%
Total Assets	1,038,616	833,473	24.6%
LIABILITIES			
Loans and financing	31,597	249,793	-87.4%
Convertible Debt	-	116,263	-100.0%
Accounts payable to suppliers	65,622	90,255	-27.3%
Tax, accrued expenses and payroll	17,951	13,268	35.3%
Provision for contingencies and others	29,904	32,309	-7.4%
Current Liabilities	145,074	501,888	-71.1%
Other loans and financing	71,543	72	n,m,
Income payable	292,189	293,866	-0.6%
Debt Amortization (PAEX)	81,166	23,804	241.0%
Non-current Liabilities	444,898	317,742	40.0%
Capital	487,363	357,283	36.4%
Capital Reserve	289,190	116,466	148.3%
Accumulated losses	(328,163)	(460,160)	-28.7%
Shareholder's Equity	448,390	13,589	3199.5%
Non Controlling Stockholders	254	254	0.0%
Total Liabilities	1,038,616	833,473	24.6%