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2Q11 CONFERENCE CALLS

English

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EUCATEX Announces 2Q11 Results

*Growth of 23.3% in Net Income and 14.7% in
Net Revenue. EBITDA Growth of 48% to R\$48.4
million, for EBITDA Margin of 21%*

São Paulo, August 8, 2011. 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, partitions and doors, announces its results for the second quarter of 2011 (2Q11). 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 second quarter of 2010 (2Q10).

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 Pronouncement 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** of **R\$227.0 million** in 2Q11, up 14.7% from 2Q10;
- » **Gross Margin** of 30.4% in 2Q11 (31.3% excluding the T-HDF/MDF line), stable in relation to the same period of 2010;
- » **EBITDA** of **R\$48.4 million** in 2Q11, for growth of 48.0% from R\$32.7 million in 2Q10. **EBITDA margin** of 21.3% in 2Q11, expanding 4.8 p.p. from 16.5% in 2Q10; and
- » **Ramp up of capacity utilization at the new T-HDF/MDF line to 46%.**

Highlights (R\$ MM)	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Net Revenue	227.0	197.9	14.7%	430.8	380.8	13.1%
Gross Profit	68.9	60.2	14.5%	130.9	120.7	8.5%
Gross Margin (%)	30.4%	30.4%	-0.1 p.p.	30.4%	31.7%	-1.3 p.p.
EBITDA	48.4	32.7	48.0%	90.6	76.0	19.2%
EBITDA Margin (%)	21.3%	16.5%	4.8 p.p.	21.0%	19.9%	1.1 p.p.
Net Income	15.9	12.9	23.3%	40.3	33.3	20.9%
Net Debt	146.2	163.0	-10.3%	146.2	163.0	-10.3%
Net Debt / EBITDA (LTM)	0.8	1.2	-39.4%	0.8	1.1	-24.8%

Message from Management

Eucatex's performance in the first six months of 2011 was marked by revenue growth and improvements in operating income in local-currency terms. The new T-HDF/MDF line still offers huge potential to contribute to improvements in operating results, since its shipments in the six-month period represented only 46% of installed capacity. In addition to the positive outlook for the new line, Eucatex is making a series of investments that should support growth in specific market niches and strengthen its positioning. The projects underway include:

- the installation of new paint lines;
- the expansion of the door and board line;
- the paint plant in the Northeast; and
- the new flooring line.

Projects are also being developed in 2011 to accelerate the ramp-up of the new T-HDF/MDF line and increase the capacity for using recycled materials in the production process.

In the fiberboard segment, Eucatex recorded volume growth of approximately 22% in the semester, which compares with the average growth in the industry of 1%. The main factor supporting this growth was the volume contributed by the new T-HDF/MDF line.

We believe the slight growth in the fiberboard market was due to the destocking trend throughout the production chain, especially in the furniture industry and at department stores. Indicators, such as the Monthly Retail Survey (PMC) for Furniture and Home Appliances projected for 2Q11, point to growth of 19.7%, in comparison with 16.8% in 1Q11. The real wage bill, another indicator we consider important in our operating segment, increased by 5.7% in 1Q11, and is projected to reach approximately 6.4% in 2Q11. In other words, but nothing that justifies the meager sales growth in the fiberboard market.

Eucatex believes that the outlook for the growth conditions in its operating sectors, i.e., the furniture and construction industries, are very positive and should not change despite the negative influences from the international crises. Eucatex expects to be prepared to meet the growing demand for its products, such as doors, flooring, paint and partitions, which are directly related to the construction industry, as well as to reinforce its positioning in the furniture industry by supplying products and services.

Operating Performance 2005 - 100 base

Sales Volume (Domestic Market)	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Hardboard (DM)	136	105	29.6%	137	113	21.9%
Hardboard (FM)	48	43	11.2%	37	35	4.5%
Laminate Flooring	228	204	11.8%	215	194	10.5%
Paint	301	328	-8.0%	347	358	-3.0%

DM - Domestic Market / FM - Foreign Market

In the fiberboard segment in the domestic market, the Company posted growth of 29.6% in sales volume, despite the adverse scenario in the industry. Excluding the new T-HDF/MDF line, fiberboard sales grew by 2.5%. In 1H11, the fiberboard segment grew 21.9% in the domestic market.

Laminate flooring sales increased 11.8% to reach market share among national producers of 39%, versus 36% in 1Q11. In 1H11, sales rose by 10.5% versus the same period last year, while the industry remained stable.

Paint sales decreased by 8%. In 2Q11, Eucatex intensified its initiatives to increase profitability in this segment. Price increases were implemented with the aim of passing through cost increases, which also contributed to a certain degree of accommodation in volumes.

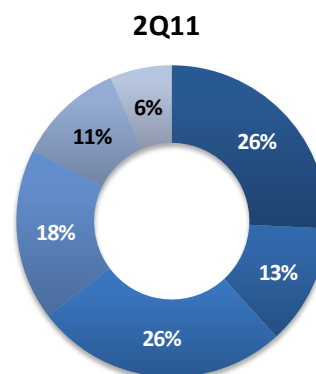
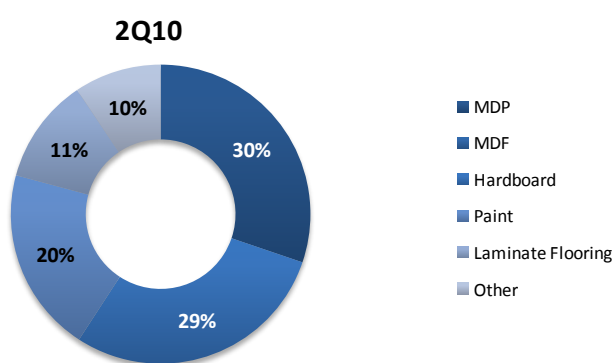
The consulting firm Tendências Consultoria Integrada forecasts growth of 5% in the ICC, which is an indicator published by the Brazilian Institute of Geography and Statistics (IBGE) that measures the physical production of construction materials, confirming that the scenario for the industry still remains positive. The factors highlighted by the consulting firm for the weaker performance of the Paint segment at the start of this year include:

- the heavy rains;
- the upward trend in inflation, which may have contributed to temporary reduction in demand and the consumption of certain products; and
- the shortage of qualified labor, which could be delaying schedules of construction works.

The program Brasil Maior launched by the federal government extended the reduction in the IPI tax rate for paints, which will continue benefitting the sector.

Financial Performance

Gross Revenue Breakdown (R\$ MM)	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Hardboard	73.0	70.8	3.2%	141.9	139.3	1.8%
MDP	71.5	73.9	-3.2%	138.1	144.1	-4.1%
MDF	34.8	-	0.0%	60.1	-	0.0%
Laminate Flooring	30.9	27.9	10.9%	57.8	52.7	9.7%
<i>Wood Segment</i>	<i>210.3</i>	<i>172.5</i>	<i>21.9%</i>	<i>397.9</i>	<i>336.1</i>	<i>18.4%</i>
<i>Paint Segment</i>	<i>49.7</i>	<i>48.9</i>	<i>1.5%</i>	<i>105.1</i>	<i>99.5</i>	<i>5.6%</i>
Others	17.8	23.0	-22.6%	28.9	37.0	-21.9%
Gross Revenue	277.8	244.4	13.6%	531.8	472.6	12.5%



Gross Revenue in the quarter increased 13.6% in relation to 2Q10 to R\$277.8 million. The wood segment posted gross revenue growth of 21.9%, with an important part of this growth associated with the revenue from the new T-HDF/MDF line. Excluding the new line's results, wood segment gross revenue would have increased by 1.7%. The laminate flooring segment grew 10.9%.

Gross Revenue in the Paint segment increased by 1.5%, while the segment's sales volume contracted by 8%. Higher costs were passed through to prices in the period, which, combined with the repositioning, led to an increase in the average price.

Cost of Goods Sold (COGS)

COGS increased by 14.8% in 2Q11 from 2Q10. The variation in COGS, which was virtually in line with revenue growth, is partially associated with the start-up of the new T-HDF/MDF line, which is still in the ramp-up phase, during which fixed costs have yet to be optimally diluted.

In relation to the same period last year, there was a certain degree of cost pressures, especially in the paint segment, which were partially passed through to prices.

Gross Income and Gross Margin

Gross margin stood at 30.4% in 2Q11, virtually in line with 2Q10.

Excluding the T-HDF/MDF line, gross margin stood at 31.3% in 2Q11, up 0.9 p.p. on 2Q10. The higher sales of the T-HDF/MDF line should lead its margins to exceed the Group's current average margin.

Operating Expenses

Operating Expenses Distribution	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Sales	(30.9)	(29.2)	6.0%	(61.6)	(55.0)	11.9%
General and Administration	(11.9)	(10.8)	9.8%	(19.6)	(18.4)	6.4%
Total Operating Expenses	(42.8)	(40.0)	7.0%	(81.2)	(73.5)	10.6%
% Net Income	-18.8%	-20.2%	-1.4 p.p.	-18.9%	-19.3%	-0.4 p.p.
Others Operating Revenues and Expenses	6.9	1.9	257.1%	16.6	13.1	26.2%

Operating expenses increased 7.0% in 2Q11 in relation to 2Q10. The sum of selling and administrative expenses corresponded to 18.8% of net operating revenue in 2Q11, down 1.4 p.p. from 20.2% in 2Q10. The second quarter was impacted by the company's participation in trade fairs.

EBITDA and EBITDA Margin

EBITDA Reconciliation (R\$ MM)	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Net income (Loss)	15.9	12.9	23%	40.3	33.3	21%
Deferred Income and Social Distribution Taxes	4.1	(0.0)	-99986%	6.4	6.6	-2%
Net Financial Income	13.0	9.2	41%	16.4	17.9	-8%
Depreciation and Amortization	25.8	19.8	-30%	49.1	38.2	-29%
Fair Value Variation Related to Biologic Assets	(10.4)	(9.2)	13%	(21.6)	(20.0)	8%
EBITDA	48.4	32.7	48%	90.6	76.0	19%
EBITDA Margin	21.3%	16.5%	4.8 p.p.	21.0%	19.9%	1.1 p.p.

In 2Q11, Eucatex posted EBITDA of R\$48.4 million, **growing 48%** from 2Q10. The improvement in Operating Income, which was basically driven by the combination of revenue growth and lower costs, was the main factor responsible for the EBITDA growth in the period. EBITDA margin also increased significantly to 21.3%, from 16.5% a year ago.

In 1H11, EBITDA was R\$ 90.6 million, versus R\$ 76.0 million in 1H10. EBITDA margin was 21% and 19.9% in 1H11 and 1H10, respectively.

Net Income

Net Income in 2Q11 was R\$15.9 million, for growth of 23.3% from R\$12.9 million in 2Q10. Net Income in 1H11 was R\$40.3 million, growing 20.9% from R\$33.3 million in 1H10.

Debt

Eucatex's debt at the end of 1H11 represented 0.8 times its annualized EBITDA.

Debt (R\$ Million)	1HY11	1HY10	Var. (%)
Short Term Debt	87.0	85.4	1.9%
Long Term Debt	62.8	79.1	-20.6%
Gross Debt	149.9	164.5	-8.9%
Cash and Cash Equivalents	3.7	1.5	141.3%
Net Debt	146.2	163.0	-10.3%
% Short Term Debt	58%	52%	6,2 p.p.
Net Cash (Debt)/EBITDA	0.8	1.1	-24.8%

CAPEX

The investments to be made in 2011 include:

- Installation of a low pressure (LP) finishing line that will expand annual finishing capacity for this product to 7.2 million m²;
- New door and board line at the Salto unit;
- New paint line with annual capacity of 36 million m²/year;
- Construction on stocking areas and new warehouses that will be used for the new finishing lines;
- Ancillary equipment to increase capacity and lower costs at the T-HDF/MDF line;

- New Laminate Flooring line in Botucatu/SP, with capacity of 6 million m²/year; and
- Investments in the planting of forests, with a goal of 4,500 hectares for 2011.

Sustainability

Eucatex's forest sustainability, including the operations of its new T-HDF/MDF line, is assured by 46,400 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 in São Paulo 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, 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 2Q11 quoted at R\$7.76. Based on the 2Q11 closing price, Eucatex's market capitalization stood at R\$718.7 million, equivalent to 3.7 times annualized EBITDA and approximately 74% of book value.

On July 1, 2010, Eucatex adhered to the corporate governance standards of the BM&FBOVESPA's Level 1 listing segment.

The Company recently announced a stock buyback program authorized to acquire 10% of all outstanding preferred shares.

Human Resources

Personnel expenses in 1H11 totaled R\$64.8 million, of which R\$30.6 million were wages, R\$21.3 million were payroll charges and around R\$12.8 million were spent on medical and dental plans, transport, meals, training, and occupational health and safety actions for the Company's 2,399 employees and their dependents.

Relationship with Independent Auditors

As approved by the Company's Board of Directors meeting held on April 26, 2011, Grant Thornton Auditores Independentes is responsible for providing audit services to Eucatex.

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 its own work, perform managerial functions or practice law on behalf of clients.

In 2Q11, the Eucatex Group did not contract any services from Grant Thornton Auditores Independentes other than the auditing services.

Eucatex Group - 60 years combining solidity, technology and innovation

Eucatex celebrates its 60th anniversary in 2011. The Company's long history has been built upon the solid pillars that have made it one of the largest companies in Brazil.

The Eucatex Group is a complex of four plants that offer a wide range of products for the furniture (T-HDF board, fiberboard, MDP, MDF and Tamburato) and construction industries (laminated flooring, doors, wall partitions, paint and varnish).

The Board and Paint and Varnish units are located in Salto, São Paulo and the Fiberboard and Flooring units are located in Botucatu, São Paulo. The company also has a Forestry Unit with a tree seedling nursery in Bofete, São Paulo.

Since it was founded, the Eucatex Group has been recognized for its quality, cutting-edge technology and concern with the environment. Its plants use 100% reforested eucalyptus wood and its forests cover more than 46,000 hectares, of which one-third is allocated to natural reserve areas.

As a result, today Eucatex is a solidly recognized brand, supported by its seriousness, its growing investments in sustainability and technology and its offering of high-quality products.

Eucatex, a brand that has been part of the lives of thousands of Brazilians for 60 years.

About Eucatex

Eucatex S.A. Ind. e Com. (BM&FBovespa: EUCA3 and EUCA4), which will complete 60 years of operations this year, is one of Brazil's largest manufacturers of flooring, partitions, doors, MDP/MDF/T-HDF boards, fiberboard and paints and varnishes. With 2,399 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 go to www.eucatex.com.br/ri.

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.

Statement of Income

(R\$ '000)	2Q11	2Q10	Var. (%)	1HY11	1HY10	Var. (%)
Gross Revenue	277.8	244.4	13.6%	531.8	472.6	12.5%
Sales taxes and Deductions	(50.8)	(46.6)	9.1%	(101.0)	(91.8)	10.0%
Net Revenues	227.0	197.9	14.7%	430.8	380.8	13.1%
Cost of Goods Sold	(158.0)	(137.7)	14.8%	(299.9)	(260.1)	15.3%
Gross Profit	68.9	60.2	14.5%	130.9	120.7	8.5%
Operating Expenses	30.4%	30.4%	-0.1 p.p.	30.4%	31.7%	-1.3 p.p.
Sales	(30.9)	(29.2)	6.0%	(61.6)	(55.0)	11.9%
General and Administration	(10.2)	(9.6)	5.9%	(19.6)	(18.4)	6.4%
Management Remuneration	(1.7)	(1.2)	41.1%	(3.2)	(2.6)	22.7%
Other Operational Costs	6.9	1.9	257.1%	16.6	13.1	26.2%
Operational (loss) Income	(35.9)	(38.1)	-5.6%	(67.8)	(62.9)	7.8%
Operational Result	33.0	22.1	49.2%	63.1	57.8	9.2%
Financial (Expense) Income	(13.0)	(9.2)	40.7%	(16.4)	(17.9)	8.3%
Operational Result	20.1	12.9	55.2%	46.7	39.9	17.1%
Taxes	(4.1)	0.0	99986.4%	(6.4)	(6.6)	2.2%
Net (Loss) Income	15.9	12.9	23.3%	40.3	33.3	20.9%
Net Margin	7.0%	6.5%	0.5 p.p.	9.3%	8.7%	0.6 p.p.

Balance Sheet (R\$ '000)	1HY11	1HY10	Var. (%)
ASSETS			
Current Assets			
Cash and Equivalents	1.3	1.1	18.6%
Securities	2.4	0.4	445.9%
Clients	164.3	143.3	14.7%
Related parties	-	-	0.0%
Inventories	83.1	77.9	6.7%
Taxes Recoverable	27.9	27.8	0.3%
Other Credits	3.3	4.4	-26.6%
Unrealized losses	-	-	0.0%
Anticipated expenses	1.4	0.2	699.3%
Total Current Assets	283.6	255.2	11.2%
Non-Current Assets			
Long- Term Assets	-	-	0.0%
Clients	8.6	0.3	2453.2%
Available-for-sale	0.8	2.1	-60.2%
Investment properties	28.3	-	0.0%
Related parties	-	-	0.0%
Taxes Recoverable	10.4	8.8	17.4%
Deferred income tax and social contribution	4.8	4.7	3.7%
Judicial Deposits	7.6	7.7	-1.8%
Other Credits	20.8	20.4	1.9%
Total Long- Term Assets	81.3	44.1	84.3%
Permanent Assets			
Investments	-	0.9	-100.0%
Fixed Assets	1,015.3	990.2	2.5%
Biologic assets	238.1	208.8	14.0%
Intangible	0.6	0.9	-25.9%
Total Permanent Assets	1,254.1	1,200.8	-109.4%
Total Non-Current Assets	1,335.4	1,244.9	7.3%
Total Assets	1,619.0	1,500.1	7.9%

LIABILITIES

Loans and Financing	87.0	85.4	1.9%
Suppliers	95.2	95.5	-0.4%
Salaries	19.9	18.1	9.9%
Tax, Accrued Expenses and Payroll	13.2	12.2	8.0%
Debentures	-	-	0.0%
Tax Installments	18.9	9.6	97.1%
Deferred Taxes	-	-	0.0%
Related parties	-	-	0.0%
Provision for uncovered liabilities	-	-	0.0%
Advances for Future Capital Increase	-	-	0.0%
Advances from Clients	12.9	3.4	283.4%
Dividends payable	11.8	-	0.0%
Unrealized income	-	-	0.0%
Accounts Payable	31.0	13.9	123.3%
Period Provision	-	-	0.0%
Total Current Liabilities	289.9	238.1	21.8%
Non- Current Liabilities			
Loans and Financings	62.8	79.1	-20.6%
Tax Installments	114.5	120.9	-5.3%
Income tax and social contribution	74.4	69.7	6.8%
Provision for judicial demands	101.5	95.9	5.9%
Accounts Payable	-	21.0	-100.0%
Treasury Debentures	-	-	0.0%
Total Long-Term Liabilities	353.3	386.6	-8.6%
Shareholder's Equity			
Capital	488.2	488.2	0.0%
Treasury Stocks	(2.0)	(0.8)	149.5%
Revaluation Reserves	236.6	259.4	0.0%
Adjustment of asset evaluation	104.5	107.1	0.0%
Profit Reserve	84.3	-	0.0%
Other Results	(0.2)	-	0.0%
Retained Earnings	64.5	1.5	4112.8%
Total Shareholder's Equity	975.9	855.4	14.1%
Total Liabilities and Shareholder's Equity	1,619.0	1,480.1	9.4%

Cash Flow (R\$ 000)	1HY11	1HY10
Net Income before Income Tax and Social Contribution Tax	46.7	39.9
Adjustments to Reconcile Net Income and Operating Cash Flow		
Depreciation and Amortizations	22.3	16.5
Exhaustion of biologic assets	24.9	21.7
Residual Value of Fixed Assets Sold	0.4	(2.9)
Equity Results	-	-
Investments write-off	2.0	-
Previous period adjustments	-	-
Fair value variation related to biologic assets	(21.6)	(20.0)
Result from Affiliated Companies	-	-
Interest, Monetary and Exchange Variations on Loans	8.7	17.0
Provision for Inventory Losses	-	-
Income and Social Contribution Taxes	(5.2)	(5.4)
Deferred income tax and social contribution	(1.3)	(1.2)
Provision for obligations and others	(0.4)	2.8
Provision for obligations with shareholders	-	(1.3)
Changes in operating assets and liabilities		
Securities	(0.0)	2.4
Clients	(20.7)	(9.6)
Related Parties	-	-
Inventories	(2.1)	(11.7)
Recoverable taxes	4.8	(5.8)
Deferred income tax and social contribution	2.4	0.4
Next period expenses	(0.7)	0.4
Judicial deposits	0.0	(0.4)
Other Credits	55.4	0.9
Suppliers	(17.5)	37.4
Labor and Tax Liabilities	(2.2)	3.0
Tax Installments	1.4	0.8
Advances from Clients	8.5	(2.1)
Other Liabilities	(28.4)	(8.2)
Net Cash Flow from Operating Activities	77.4	74.6
Cash Flow from Investing Activities		
Capital transfer to subsidiaries	-	-
Capital reduction on subsidiaries	-	-
Addition to fixed assets	(56.7)	(97.5)
Addition to biological assets	(18.1)	(13.0)
Net Cash Flow from Investing Activities	(74.8)	(110.4)
Cash Flow from Financing Activities		
Amortization of Loans	(69.9)	(28.7)
Inflow of Loans	63.0	61.5
Intercompany loans	-	-
Net Cash Flow from Financing Activities	(6.9)	32.7
Increase (Reduction) in Net Cash and Cash Equivalents	(4.2)	(3.1)
Cash and Cash Equivalents		
Beginning of period	5.5	4.2
End of period	1.3	1.1
Supplemental Information:		
Income Tax and Social Contribution Paid	(4.1)	(5.6)
Interest paid	-	-