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3Q18

Eucatex Group Presentation

November 8, 2018

Highlights

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Net Revenue

- 3Q18: R$ 321.2 million, up 2.4%
- 9M18: R$ 927.0 million, up 4.5%

Recurring EBITDA

- 3Q18: R$ 61.6 million, growth of 10.9%
- 9M18: R$ 167.5 million, growth of 9.3%

Recurring EBITDA Margin

- 3Q18: 19.2%, up 1.5 pp
- 9M18: 18.1%, up 0.8 pp

Recurring Net Income (Loss)

- 3Q18: R$ 9.4 million, down 72.2%
- 9M18: R$ 9.1 million, down 80.5%

Material Fact - Exchange of Assets between Eucatex and Duratex

Process Concluded – Production has started

Eucatex Group structure for 2019

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- **Expected Net Revenue growth** of, approximately, **20%** in the **Total Revenue** of the **Eucatex Group**

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MDP and Laminated Flooring

Botucatu/SP

MDP
430,000 m³
Laminated Flooring
12 million m²

Finish Foil, BP and Lacca
50 million m²

Seedling Nursery

Bofete/SP

Seedlings
10 million

Fiberboard

Salto/SP	Botucatu/SP

Hardboard
440,000 m³
Wall Partitions and Doors
4.8 million

Paint
101 million m²
Paper Printer
96 million m²

T-HDF/MDF

Salto/SP

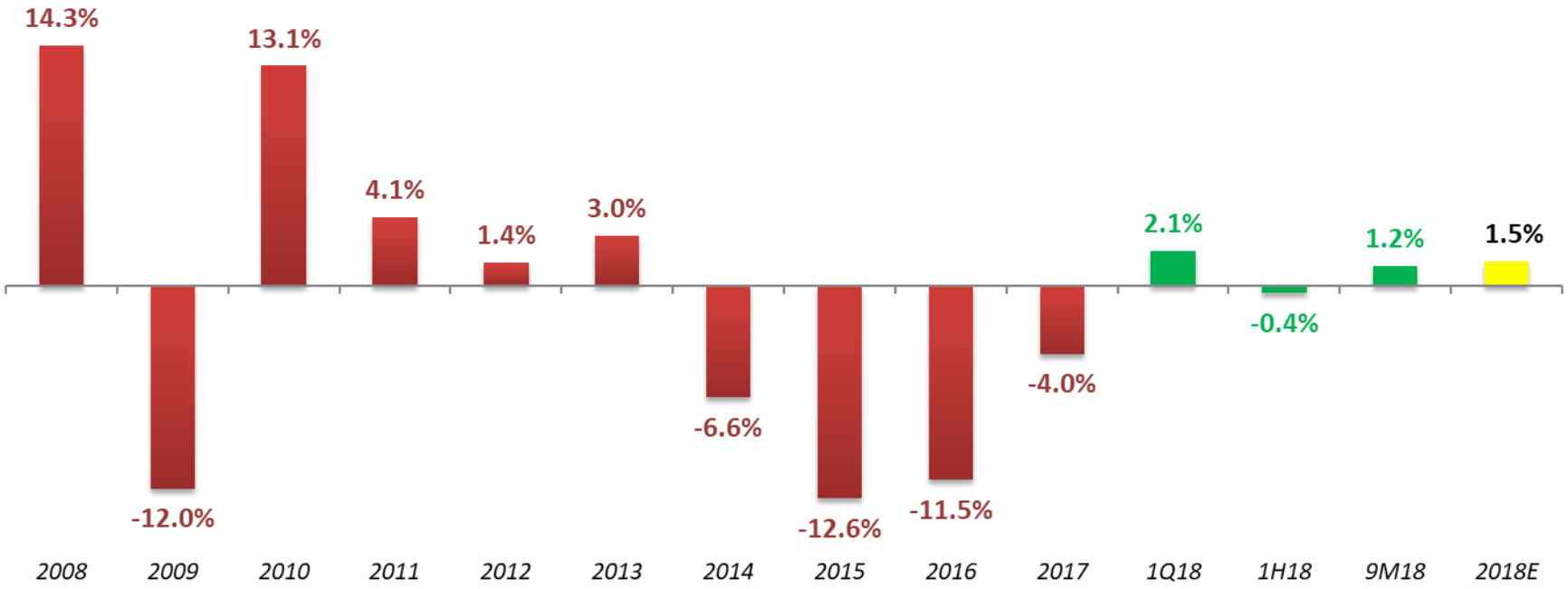
T-HDF/MDF
275,000 m³

Lacca and BP
16 million m²

Paints and Varnishes

Salto/SP	Cabo Sto. Agostinho/PE
Paints and Varnishes 36 million gallons	**PVA and Acrylic Resin and Acrylic Paint** 3.6 million gallons

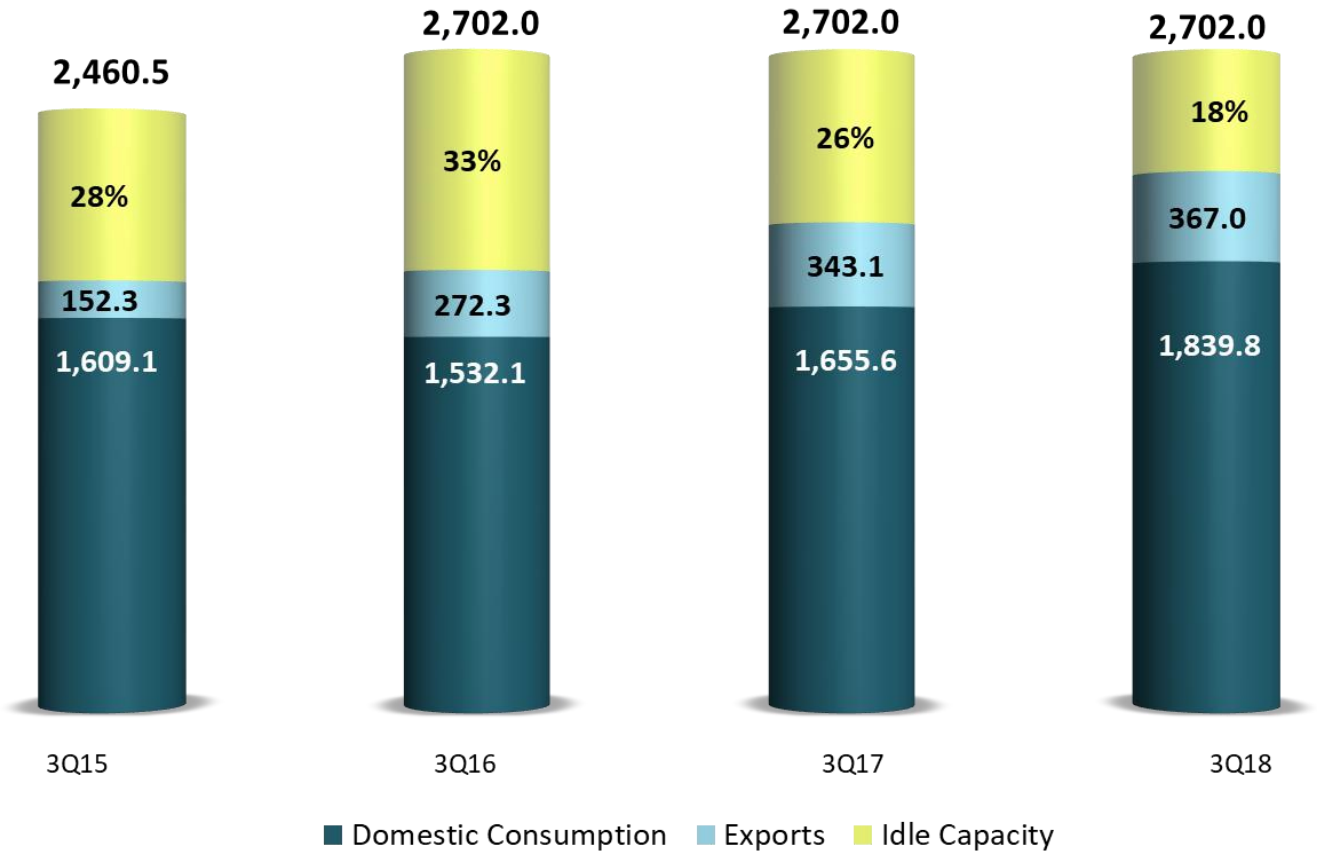
ABRAMAT Index – Domestic Market



Between 2013 and 9M18, the indicator is down 29.8%.

Source: ABRAMAT

Effective Installed Capacity (Fiberboard + MDF + MDP) vs. Production



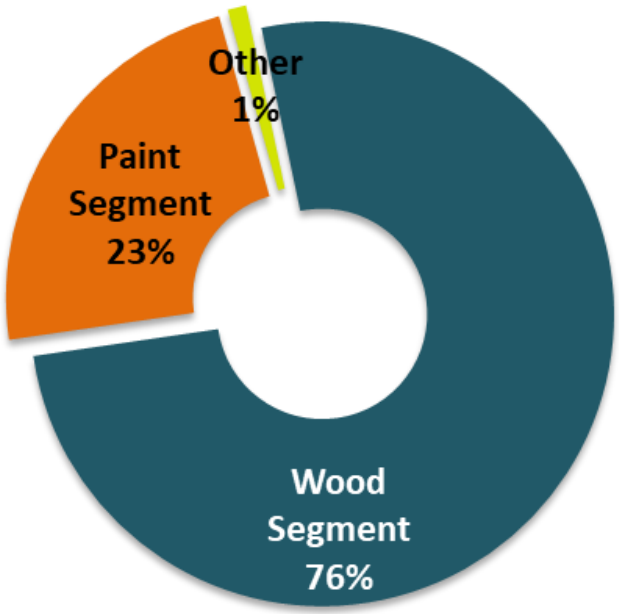
% 3Q18 vs. 3Q17				
	Fiberboard	MDP	MDF	Total
Total	8.0%	16.4%	6.5%	10.4%
Domestic Market	-8.7%	16.0%	8.5%	11.1%
Export Market	35.8%	18.6%	-3.1%	7.0%

Source: Eucatex Estimate

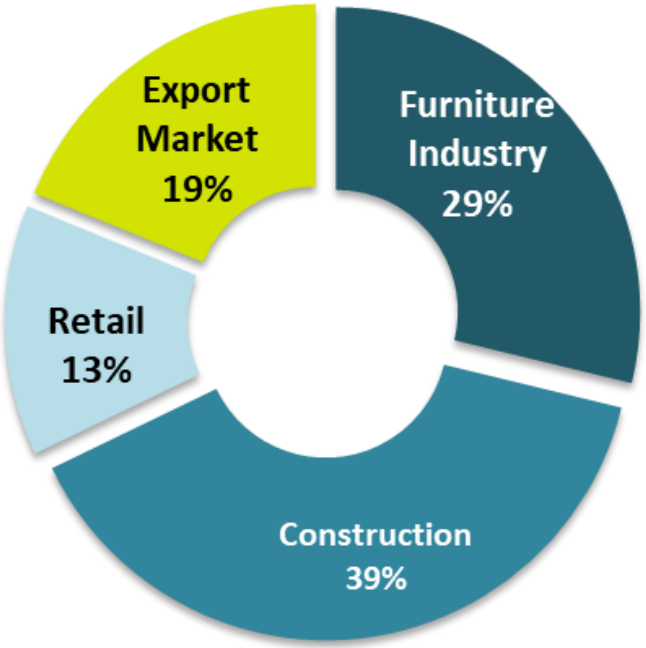
Operating Data

Net Revenue					
3Q17	**3Q18**	*Var*	9M17	**9M18**	*Var*
R$ 313.7 million	**R$ 321.2 million**	*2.4%*	R$ 887.1 million	**R$ 927.0 million**	*4.5%*

Distribution by Product - 3Q18

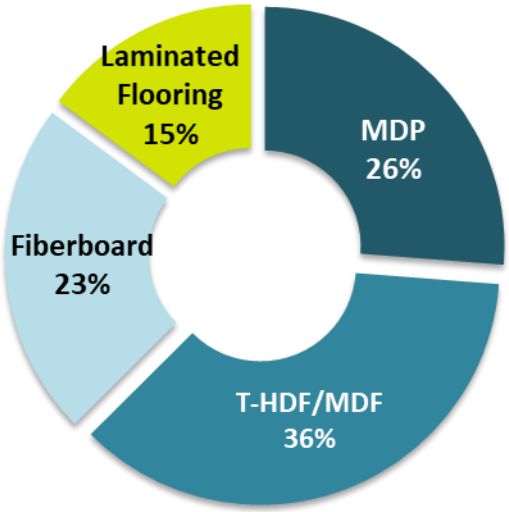


Distribution by Segment - 3Q18



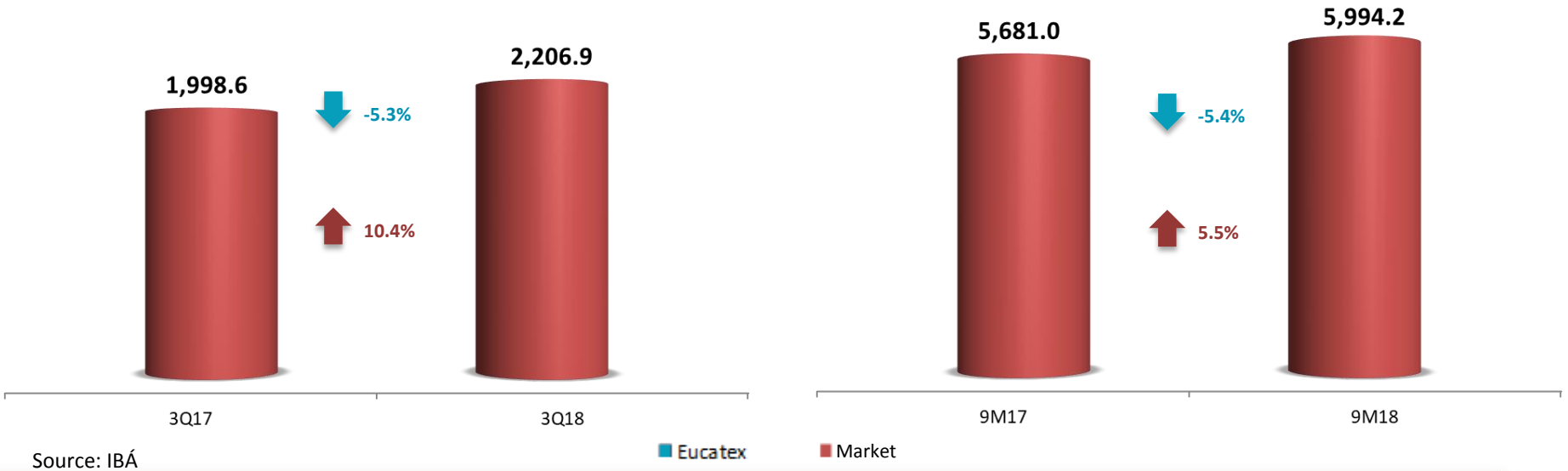
Wood Segment

Net Revenue		
3Q17	**3Q18**	*Var*
R$ 223.2 million	**R$ 244.2 million**	*9.4%*
9M17	**9M18**	*Var*
R$ 644.1 million	**R$ 686.4 million**	*6.6%*



Total Market ('000 m³)

Domestic + Export markets



Source: IBÁ

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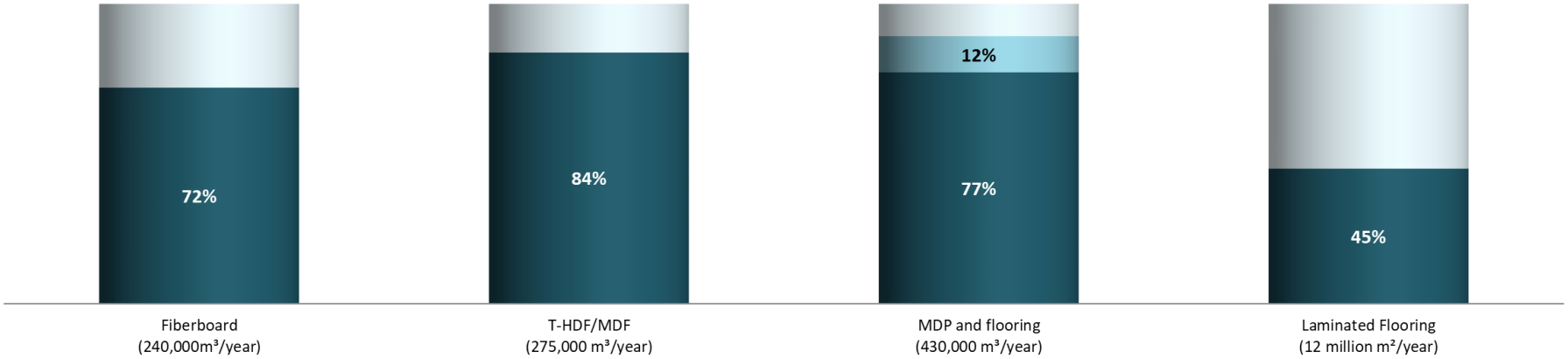
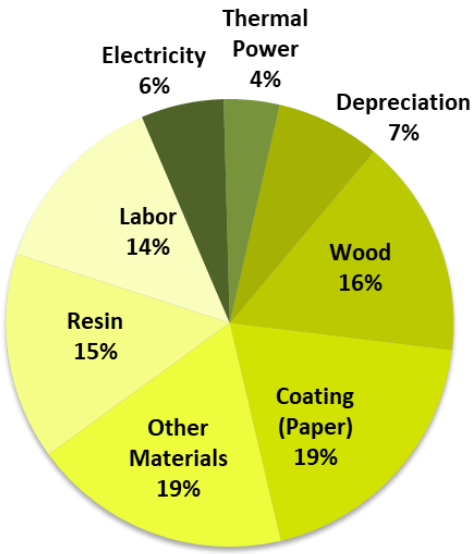
Installed Capacity Utilization - 3Q18

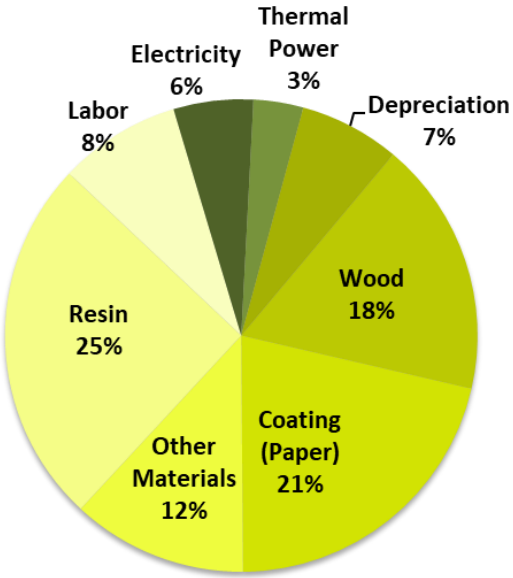


Breakdown of Costs - 3Q18

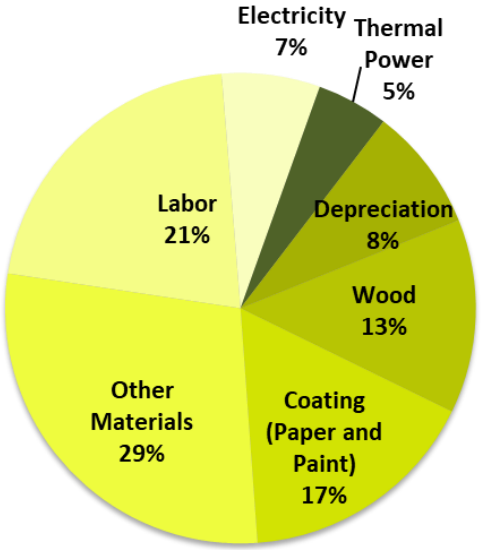
All Panels



Resin Panels



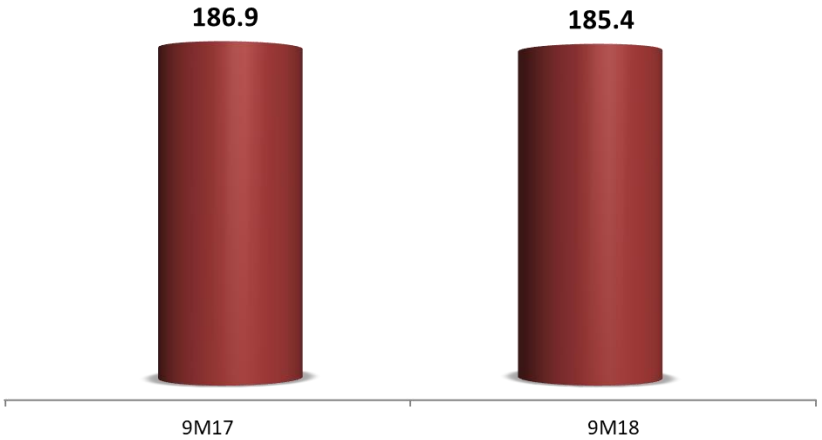
Non-Resin Panels (Fiberboard)



Paint Segment

Net Revenue		
3Q17	**3Q18**	*Var*
R$ 69.7 million	**R$ 73.7 million**	*5.8%*
9M17	**9M18**	*Var*
R$ 186.2 million	**R$ 198.4 million**	*6.6%*

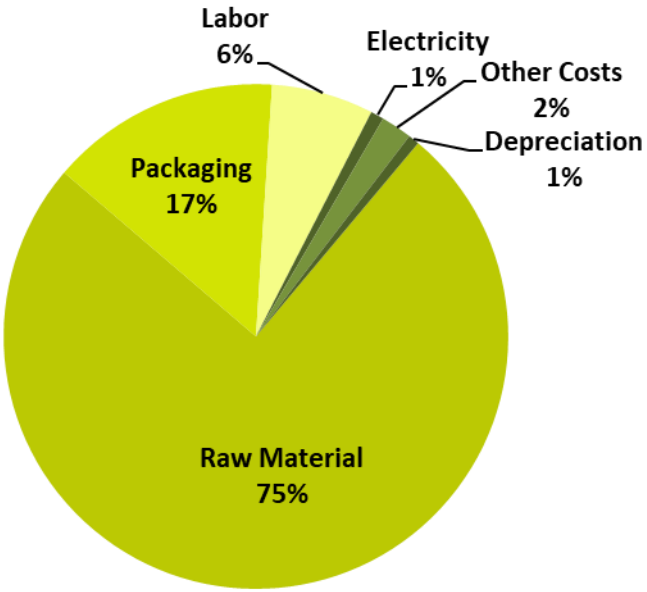
Market - Million Gallons



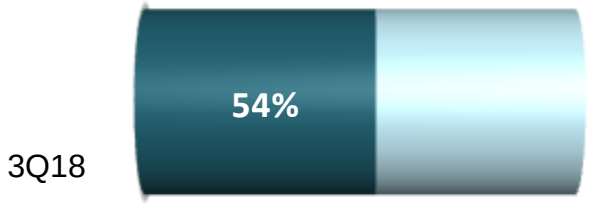
Variation	3Q18 vs. 3Q17	9M18 vs. 9M17
Eucatex	**-6.1%**	**0.9%**
Market	**0.7%**	**-0.8%**

Source: Eucatex

Breakdown of Costs - 3Q18



Installed Capacity Utilization



- Total Capacity - 36 million gallons/year

Financial Data

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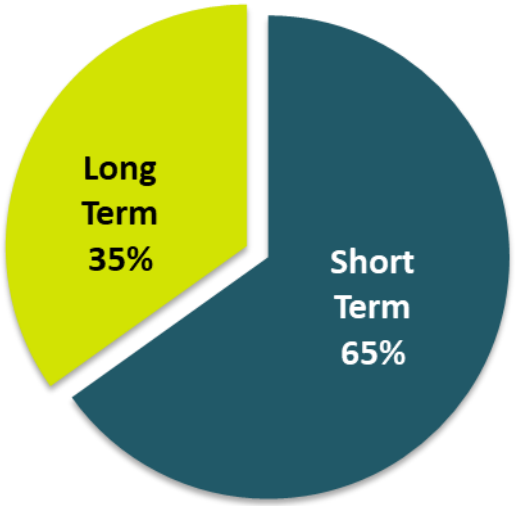
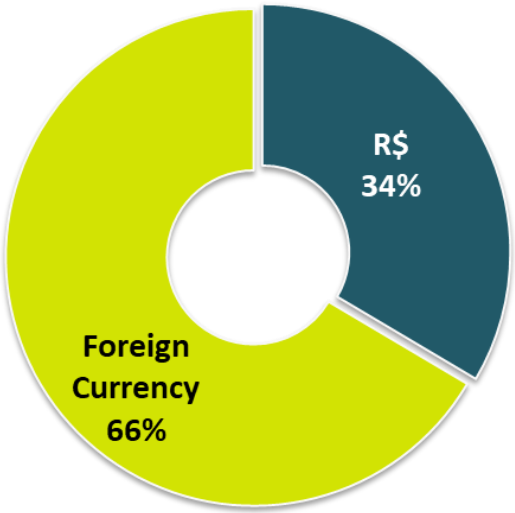
Highlights (R$ million)	3Q18	A.V. %	3Q17	A.V. %	Var. (%)	9M18	A.V. %	9M17	A.V. %	Var. (%)
Net Revenue	**321.2**	***100.0%***	**313.7**	***100.0%***	***2.4%***	**927.0**	***100.0%***	**887.1**	***100.0%***	***4.5%***
Fair value of biological assets	1.0	*0.3%*	12.8	*4.1%*	*-92.2%*	1.1	*0.1%*	23.1	*2.6%*	*-95.3%*
Cost of products sold	(230.7)	*-71.8%*	(233.0)	*-74.3%*	*-1.0%*	(683.1)	*-73.7%*	(660.9)	*-74.5%*	*3.4%*
Gross income	**91.5**		**93.5**		***-2.2%***	**245.0**		**249.3**		***-1.7%***
Gross Margin (%)	***28.5%***		***29.8%***		***-1.2 p.p.***	***26.4%***		***28.1%***		***-1.8 p.p.***
Administrative expenses	(14.3)	*-4.4%*	(13.9)	*-4.4%*	*2.9%*	(42.6)	*-4.6%*	(42.5)	*-4.8%*	*0.3%*
Selling expenses	(49.3)	*-15.4%*	(43.9)	*-14.0%*	*12.3%*	(130.6)	*-14.1%*	(126.5)	*-14.3%*	*3.2%*
Other operating income and expenses	3.4	*1.1%*	(0.4)	*-0.1%*	*934.2%*	2.2	*0.2%*	(1.4)	*-0.2%*	*-262.3%*
EBITDA adjusted by non-cash events	**55.0**	***17.1%***	**52.0**	***16.6%***	***5.8%***	**151.3**	***16.3%***	**146.2**	***16.5%***	***3.5%***
EBITDA Margin (%)	***17.1%***		***16.6%***		***0.6 p.p.***	***16.3%***		***16.5%***		***-0.1 p.p.***
Adjusted Recurring EBITDA	**61.6**		**55.5**		***10.9%***	**167.5**		**153.2**		***9.3%***
Adjusted Recurring EBITDA Margin (%)	***19.2%***		***17.7%***		***1.5 p.p.***	***18.1%***		***17.3%***		***0.8 p.p.***
Net financial result	(18.9)	*-5.9%*	(1.9)	*-0.6%*	*-894.6%*	(65.6)	*-7.1%*	(32.2)	*-3.6%*	*-103.9%*
Non-recurring results	(6.6)	*-2.1%*	(3.6)	*-1.1%*	*-86.0%*	(16.2)	*-1.8%*	(7.0)	*-0.8%*	*-131.4%*
Income and social contribution taxes	(3.0)	*-0.9%*	0.4	*0.1%*	*-847.9%*	0.7	*0.1%*	(0.1)	*0.0%*	*-1256.3%*
Net Income (Loss)	**2.8**	***0.9%***	**30.2**	***9.6%***	***-90.8%***	**(7.1)**	***-0.8%***	**39.7**	***4.5%***	***-118.0%***
Recurring Net Income (Loss)	**9.4**	***2.9%***	**33.8**	***10.8%***	***-72.2%***	**9.1**	***1.0%***	**46.7**	***5.3%***	***-80.5%***

Debt

Debt (R$ Million)	9M18	2017	Var. (%)	1H18	Var. (%)
Short Term Debt	259.4	245.2	5.8%	291.8	-11.1%
Long Term Debt	138.8	106.1	30.7%	100.5	38.0%
Gross Debt	**398.2**	**351.3**	**13.3%**	**392.4**	**1.5%**
Cash and Cash Equivalents	25.2	20.3	24.0%	20.5	22.5%
Net Debt	**373.0**	**331.0**	**12.7%**	**371.8**	**0.3%**
% Short Term Debt	*65%*	*70%*	*-5 p.p.*	*74%*	*-9 p.p.*
Net Debt/EBITDA	**1.6**	**1.6**	**5.7%**	**1.7**	**-2.4%**
Ptax FX rate (US$)	*4.0039*	*3.3080*	*21.0%*	*3.8552*	*3.9%*
Exchange variation in the perioc	*43.0*	*3.0*	*1333.3%*	*30.1*	*42.9%*

Debt Profile – 9M18





Proposed 7th Issue of Debentures

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Approval expected in the **ESM** to be held on **Nov. 22, 2018.**

Issue Profile

- Simple, Non-Convertible Debentures, with Security Interest and Additional Personal Guarantee, in a Single Series, for Public Distribution with Limited Efforts

Proposed Issue Value

- Between R$ 50 million and R$ 120 million

Use of Proceeds

- Improvement of Debt Profile
- Working Capital Strengthening

Guarantee

- Forests

Maturity

- 4 years

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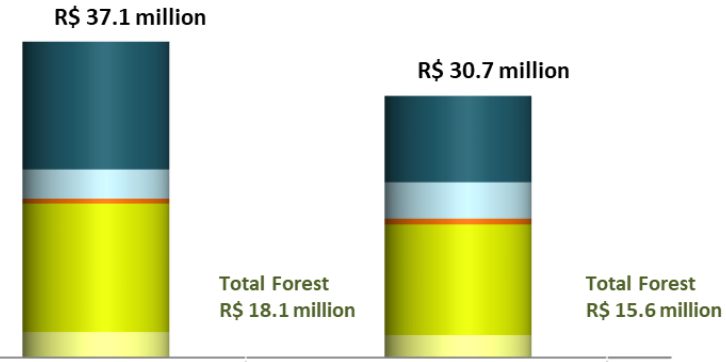
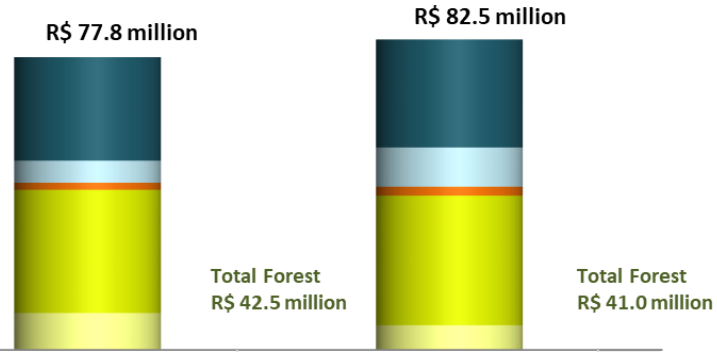
Investments Made



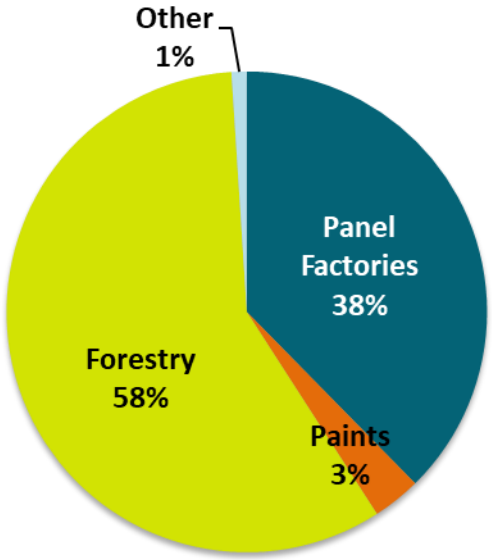
	3Q17	3Q18
Salto	15.0	10.1
Botucatu	3.4	4.3
Paints	0.6	0.7
Silviculture	15.1	13.0
Leasing	3.0	2.6



	9M17	9M18
Salto	27.5	28.7
Botucatu	5.9	10.4
Paints	1.9	2.4
Silviculture	32.7	34.4
Leasing	9.8	6.6

Planned for 2018

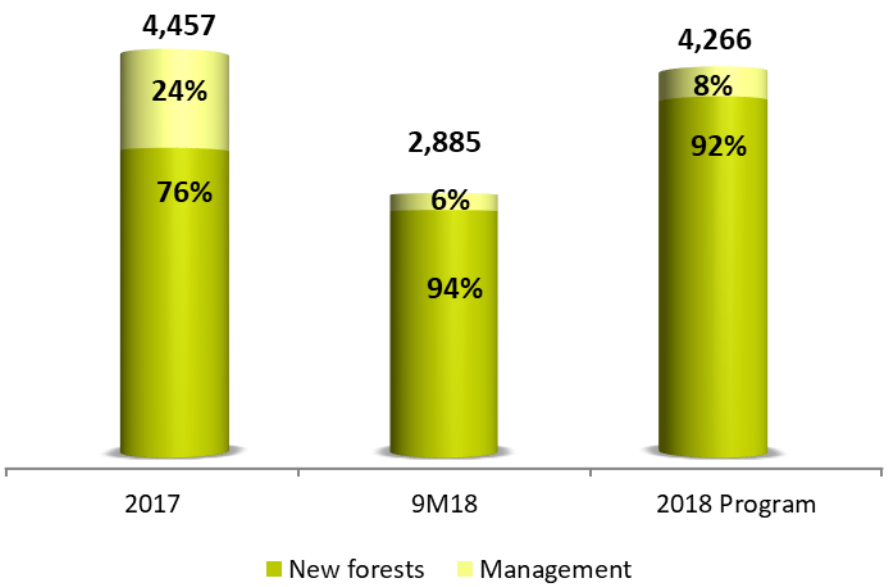
R$ 96 million



75 farms
for eucalyptus plantation,
totaling
45,800 hectares

Average Radius	
Salto	**Botucatu**
126 km	52 Km

Newly Planted Forests and Seedling Management (ha)



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