



EUCATEX reports 4Q12 results

Net Revenue growth of 13.9% and Recurring EBITDA growth of 16.5%, amounting to R\$ 51.2 million, with EBITDA Margin of 19.3%

São Paulo, March 20, 2013. Eucatex (BM&FBovespa: EUCA3 and EUCA4; Bloomberg: EUCA3 BZ and EUCA4 BZ), one of the largest manufacturers of fiberboard in Brazil, with operations also in the segments of paint and varnish, laminated flooring, wall partitions and doors, announces its results for the fourth quarter of 2012 (4Q12). Unless stated otherwise, all financial and operating information herein is audited and presented on a consolidated basis in thousands of Brazilian reais, in accordance with the Brazilian Law of Corporations, and all comparisons are in relation to the fourth quarter of 2011 (4Q11). The Company's consolidated financial statements were prepared and are being presented in accordance with the International Financial Reporting Standards (IFRS) and were prepared 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 of R\$264.8 million** in 4Q12, up **13.9%** from 4Q11;
- » **Recurring EBITDA of R\$51.2 million** in 4Q12, with **EBITDA Margin of 19.3%**; and
- » **Net income of R\$ 34.5 million** in 4Q12, as against **R\$ 37.2 million** in **4Q11**, down **7.3%**, and **R\$ 88.4 million** in 2012, remaining stable in relation to the 2011 net income of **R\$ 88.2 million**.

INVESTOR RELATIONS

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Conference Call with Simultaneous Interpretation
March 21, 2013
9:30 a.m. (Brasília)
7:30 a.m. (US ET)

Phones
(55 11) 4003-9004 (Brazil)
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Webcast
www.eucatex.com.br/ir

APIMEC
March 21, 2013
9:00 a.m. – Breakfast
9:30 a.m. – Meeting

Hotel Renaissance
Sala Jureia
Alameda Santos, 2.233
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São Paulo - SP

Highlights (R\$ MM)	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Net Revenue	264.8	232.5	13.9%	963.5	899.1	7.2%
Gross Income	82.9	83.4	-0.5%	313.2	318.6	-1.7%
Gross Margin (%)	31.3%	35.9%	-4,5 p.p.	32.5%	35.4%	-2,9 p.p.
EBITDA	71.6	55.9	28.0%	230.9	210.4	9.7%
EBITDA Margin (%)	27.0%	24.1%	3 p.p.	24.0%	23.4%	0.6 p.p.
Net Income	34.5	37.2	-7.3%	88.4	88.2	0.2%
Net Debt	266.9	215.5	23.8%	266.9	215.5	23.8%
Net Debt / EBITDA (LTM)	1.3	1.2	11.2%	1.4	1.2	25.0%
RECURRING EBITDA	51.2	46.0	11.3%	184.4	186.2	-1.0%
EBITDA Margin (%)	19.3%	19.8%	-0.5 p.p.	19.1%	20.7%	-1.6 p.p.

Management Comments

Brazil's GDP grew 0.9% in 2012 - a modest rate when compared to the government's desire and the growth estimates made at the beginning of the year. GDP in 2012 was largely limited by the performance of industry and investments, while the retail sector registered significant growth rates. The variation in the Monthly Trade Survey conducted by the Brazilian Institute of Geography and Statistics (PMC-IBGE) was 8.4% in 2012, reflecting a generalized growth across all the sectors covered by the survey, with the Retail Furniture and Consumer Appliances segment growing by a remarkable 12.2%.

The spectacular retail performance is partly due to the government's efforts during 2012, which included payroll tax exemptions and tax cuts in certain sectors. Nevertheless, the growth of 5.1% in both the wage bill and credit supply, combined with high consumer confidence indexes, were the growth drivers. The disparity between consumption and GDP indicators reached unprecedented levels in 2012.

In 2013, the main wage bill indicators, which include the growth in employment, income, credit and consumer confidence, should once again help drive retail sales growth.

Market

The Company's business was positively affected by the acceleration in retail sales, directly through sale of products such as: laminated flooring, doors, wall partitions and paints, and indirectly through the sale of panels. The panels market, including MDF, MDP and fiberboard sales, grew 10.7% in 2012 over 2011, far outpacing GDP growth in the period. The drivers behind retail sales growth were the same that drove the expansion of the panels market.

The new T-HDF/MDF line registered sales volume growth of 34%, while fiberboard and MDP remained practically stable due to maintenance shutdowns in 1Q12, which reduced the supply of these products. Laminated flooring products grew 10.5% due, as mentioned earlier, to the growth in demand on one side and the reduction in sales of imported products on the other.

Eucatex's performance in the wood segment in 2012 was adversely affected by maintenance shutdowns and by the delay in ramping up production on the equipment recently installed in the T-HDF/MDF line. However, management believes that MDF production should stabilize at around 50% higher than in the previous year and contribute to improving the results.

Paint sales in 4Q12 grew 1.9% in relation to 4Q11. During 2012, paint sales grew 0.1%, while the market actually contracted by 1.4%, according to the Brazilian Paint Manufacturers Association (ABRAFATI).

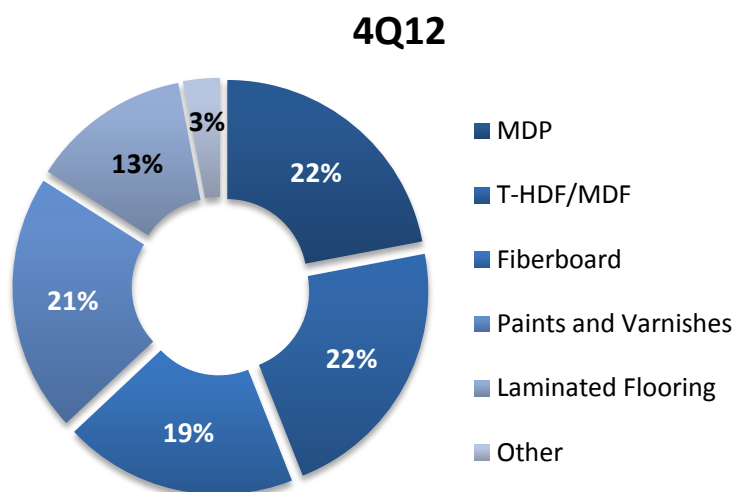
Operating Performance
2005 - 100 base

Sales Volume (Domestic Market)	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Panels (DM)	147	130	13.4%	148	136	8.6%
Panels (FM)	63	99	-36.6%	62	54	14.0%
Laminated Flooring	297	253	17.5%	265	240	10.6%
Paint	308	302	1.9%	341	340	0.1%

DM - Domestic Market / FM - Foreign Market

Operating Performance

Net Revenue Breakdown (R\$ million)	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Fiberboard	51.5	53.3	-3.4%	189.8	196.9	-3.6%
MDP	59.0	54.9	7.5%	230.6	216.7	6.4%
T-HDF/MDF	57.6	39.3	47.4%	202.6	151.0	34.2%
Laminated Flooring	34.1	29.5	15.5%	115.1	107.4	7.1%
<i>Wood Segment</i>	202.3	176.6	14.4%	738.1	672.1	9.8%
<i>Paint Segment</i>	55.4	53.5	3.5%	204.0	196.9	3.6%
Other	7.2	2.2	226.4%	21.4	30.2	-29.2%
Net Revenue	264.8	232.5	13.9%	963.5	899.1	7.2%



Net revenue increased by 13.9% in 4Q12 over 4Q11 to reach R\$264.8 million.

In the wood segment, net revenue grew 14.4% in 4Q12 compared to 4Q11. The key driver of sales growth was the T-HDF/MDF line, followed, to a lesser extent, by laminated flooring and MDP.

In the case of fiberboard, the 3.4% and 3.6% year-on-year decrease, respectively, in 4Q12 and 2012 reflects the higher share of exports.

In the MDP line, despite the stable volumes, NOR grew in both 4Q12 and 2012 compared to the same periods in the previous year, by 7.5% and 6.4%, respectively, reflecting the rebuilding of prices.

In 4Q12 and in January 2013, the cost increases in the main product lines were passed through to prices in order to recover margins.

The T-HDF/MDF line registered growth of 47.4% in 4Q12 compared to 4Q11. The slower growth in net revenue is explained by the higher sales of lower-value panels. In fact, the line's ramp-up was achieved with more profitable products, and as production increased, sales of other products began, since demand for higher-value products does not grow in the same proportion as production growth. In the year, the same effect was observed, though to a lesser degree, with sales volume growing 48.2% and NOR growing 32.4% in 2012 compared to 2011.

The laminated flooring line registered net revenue growth of 15.6% in 4Q12 over 4Q11. Net revenue growth in the year was 7.1%, lower than the volume of growth 10.5%, due to the change in the sales mix, since no price increase was effected in this product line.

In the paints line, though sales volume remained stable during the year, revenue grew 3.6% in relation to 2011 due to the price increase effected in 2012.

Cost of Goods Sold (COGS)

In 4Q12, COGS increased 19.3% compared to 4Q11. Although the increases in production input prices have slowed, the increase in COGS continues to reflect exchange variation, which directly impacted the prices of imported inputs, as well as the higher prices for urea-formaldehyde resins and depreciation. In 2012, in addition to the higher input costs, the maintenance shutdowns in 1Q12 also adversely affected costs since the lower production volume reduced the dilution of fixed costs.

Financial Performance

Gross Income and Gross Margin

Gross Income in 4Q12 was R\$ 82.9 million, practically stable in relation to R\$ 83.4 million in 4Q11. Gross margin in 4Q12 stood at 31.3%, down 4.5 p.p. from a year ago. Gross income in 2012 was R\$ 313.2 million, compared to R\$ 318.6 million in 2011, down 1.7%, while gross margin declined 2.9 p.p. in the period.

The Gross Margin decline in 4Q12 reflects on the one hand the more intense competition and on the other the higher cost pressures. In 2012, gross margin compression was also impacted by the maintenance shutdowns, which reduced the dilution of fixed costs and adversely affected COGS.

Operating Expenses

Operating Expenses Distribution	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Selling	(36.7)	(35.1)	4.5%	(137.4)	(130.5)	5.3%
General and Administrative	(14.6)	(13.4)	8.9%	(50.9)	(48.8)	4.3%
Total Operating Expenses	(51.3)	(48.5)	5.7%	(188.3)	(179.3)	5.0%
% Net Income	-19.4%	-20.9%	-1.5 p.p.	-19.5%	-19.9%	-0.4 p.p.
Other Operating Income and Expenses	1.3	(0.7)	279.3%	1.3	(7.0)	119.0%

Selling and administrative expenses corresponded to 19.4% of Net Revenue in 4Q12, as against 20.9% in 4Q11, a decrease of 1.5 p.p. In the year, the same indicator decreased by 0.4 p.p., standing at 19.5% in 2012, compared to 19.9% in 2011.

EBITDA and EBITDA Margin

EBITDA Reconciliation (R\$ million)	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Net Income	34.5	37.2	-7.3%	88.4	88.2	0.2%
Deferred Income and Social Contribution Taxes	5.7	(2.6)	324.2%	25.6	9.7	165.7%
Net Financial Income (Loss)	13.0	9.4	39.4%	58.7	58.8	-0.1%
Depreciation and Amortization	28.1	23.6	19.4%	99.9	97.5	2.5%
Fair Value Variation in Biologic Assets	(9.9)	(11.7)	-15.3%	(41.8)	(43.6)	-4.1%
EBITDA	71.6	55.9	28.0%	230.9	210.4	9.7%
EBITDA Margin	27.0%	24.1%	3 p.p.	24.0%	23.4%	0.6 p.p.
Recurring EBITDA	51.2	46.0	11.3%	184.4	186.2	-1.0%
Recurring EBITDA Margin	19.3%	19.8%	-0.5 p.p.	19.1%	20.7%	-1.6 p.p.

As a result of the aforementioned factors, the Company posted Recurring EBITDA of R\$51.2 million, 11.3% higher than in 4Q11. Recurring EBITDA margin was 19.3% in 4Q12, down 0.5 p.p. from 19.8% in 4Q11.

Net Income

Net Income in 2012 was R\$ 88.4 million, stable in relation to the previous year.

Debt

The Company's net debt at the end of 4Q12 was R\$ 266.9 million and was equivalent to 1.4 times its EBITDA. Note that a sum of R\$118 million was invested in new finishing lines, in expanding recycled material cleaning capacity and in reforestation last year. Apart from this, a portion of the debt increase is due to the impact from exchange variation in the year.

Debt (R\$ Million)	2012	2011	Var. (%)
Short Term Debt	146.9	146.7	0.2%
Long Term Debt	126.9	85.9	47.7%
Gross Debt	273.8	232.6	17.7%
Cash and Cash Equivalents	6.9	17.0	-59.5%
Net Debt	266.9	215.5	23.8%
% Short Term Debt	54%	63%	-9.4 p.p.
Net Cash (Debt)/EBITDA	1.4	1.2	25.0%

The program to issue nonconvertible debentures, with a grace period of 2 years and repayment term of 3 years, was concluded, generating proceeds of R\$75 million, which was used to bolster the Company's cash position.

Since the second half of 2012, the Company has been reducing the pace of investments, restricting them only to working capital needs, while expecting to reap the rewards of the investments made, which should lead debt to decline going forward.

Investments

Notable among the Company's investments in 2012 are:

- expansion of recycling capacity;
- the new laminated flooring line in Botucatu, SP;
- conclusion of the new Doors and Boards line in Salto, SP;
- plantation of forests, totaling 4,600 hectares; and
- ancillary equipment for the T-HDF/MDF line to increase capacity and reduce costs.

Sustainability

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

Eucatex is widely recognized for its sustainable development practices and was 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 in accordance with rigorous environmental, social and economic standards.

In another pioneering initiative, Eucatex became the first in the industry in South America to build a woodchip recycling line on an industrial scale. Its state-of-the-art equipment enables materials obtained within a 120-kilometer radius from the Salto unit to be used as raw material for producing panels and as biomass for firing its boilers. Total processing capacity is 240,000 metric tons/year, which is equivalent to approximately 2 million trees, 470,000 cubic meters of standing timber or 1,500 hectares of forests. The investment in land and planting to maintain this volume of wood, considering a 7-year cycle, would amount to around R\$200 million. Not only does it generate cost benefits, but recycling woodchips also prevents this material from being deposited in local landfills.

Capital Markets

Eucatex's preferred stock (EUCA4) listed on the BM&FBovespa S.A. - Securities, Commodities and Futures Exchange (BM&FBovespa) ended 4Q12 quoted at R\$7.90. Based on the 4Q12 closing price, Eucatex's market capitalization stood at R\$731.7 million, equivalent to 4.0 times its annualized Recurring EBITDA and approximately 73% of its book value.

Eucatex is listed on the Level 1 corporate governance segment of the BM&FBovespa. On May 10, 2012, the Company announced its plans to migrate to the Novo Mercado segment, for which it began studies for conducting an ownership restructuring and adopting the required special corporate governance practices.

On October 15, 2012, complementing the notice to the market of May 2012, Eucatex disclosed a Material Fact notice in which it announced the conclusion of the studies and the start of its ownership reorganization ("Reorganization") with the objective of transferring its net assets and liabilities to the capital stock of ECTX S.A. ("ECTX"), in which the Company holds an interest of

greater than 99%. Following the conclusion of the Reorganization, authorization will be requested for the trading of stock issued by ECTX on the Novo Mercado segment of the BM&FBOVESPA S.A. - Securities, Commodities and Futures Exchange ("BM&FBOVESPA"), with the possibility of the holders of preferred shares issued by the Company migrating to ECTX ("Migration"), with their shares exchanged in the proportion of 1 preferred share for 1 common share.

About Eucatex

Eucatex S.A. Ind. e Com. (BM&FBovespa: EUCA3 and EUCA4), which in 2012 completed 61 years of operations, is one of Brazil's largest manufacturers of laminated flooring, wall partitions, doors, MDP/MDF/T-HDF panels, fiberboard and paints and varnishes. With 2,451 employees, Eucatex exports to more than 37 countries and has four modern plants located in the cities of Botucatu and Salto, which are located in the inland region of São Paulo state. For more information, visit www.eucatex.com.br/ir.

The forward-looking statements in this document related to the business prospects, estimates of operating and financial results and growth prospects of Eucatex are merely projections, and as such are based exclusively on the expectations of the management concerning the future of the business. These forward-looking statements depend substantially on changes in market conditions and the performance of the Brazilian and international economies and the industry, and therefore are subject to change without prior notice.

Audit

The policy of the Eucatex Group regarding services provided by its independent auditors that are not related to the external audit of its financial statements is based on the principles of professional independence. These principles are based on the premise that the auditor must not examine its own work, perform managerial functions or practice law on behalf of clients. In 4Q12, the Eucatex Group did not contract other such services from Grant Thornton Auditores Independentes.

Income Statement

(R\$ '000)	4Q12	4Q11	Var. (%)	2012	2011	Var. (%)
Gross Revenue	297.9	315.5	-5.6%	1,190.0	1,137.7	4.6%
Sales taxes and Deductions	(33.1)	(83.0)	-60.2%	(226.5)	(238.6)	-5.0%
Net Revenue	264.8	232.5	13.9%	963.5	899.1	7.2%
Fair value variation in biological assets	9.9	11.7	15.3%	41.8	43.6	4.1%
Cost of Goods Sold	(191.8)	(160.8)	19.3%	(692.1)	(624.2)	10.9%
Gross Income	82.9	83.4	-0.5%	313.2	318.6	-1.7%
% Gross Margin	31.3%	35.9%	-4.5 p.p.	32.5%	35.4%	-2.9 p.p.
Selling Expenses	(36.7)	(35.1)	4.5%	(137.4)	(130.5)	5.3%
General and Administrative Expenses	(12.6)	(11.3)	11.4%	(43.5)	(41.9)	3.9%
Management Compensation	(2.0)	(2.1)	-5.0%	(7.4)	(6.9)	7.2%
Other Operating Income (Expenses)	1.3	(0.7)	279.3%	1.3	(7.0)	119.0%
Operating Income (Expenses)	(49.9)	(49.2)	1.5%	(187.0)	(186.2)	0.4%
Net Income before Financial Result	33.0	34.1	-3.4%	126.3	132.3	-4.6%
Financial Income (Expense)	(13.0)	(9.4)	-39.4%	(58.7)	(58.8)	0.1%
Non-recurring Income (Expense)	20.3	9.9	105.5%	46.5	24.3	91.5%
Net Income after Financial Result	40.3	34.7	16.1%	114.0	97.8	16.6%
Provision for Income and Soc. Contr. Taxes	(5.7)	2.6	324.2%	(25.6)	(9.7)	165.7%
Net Income (Loss) before Non-Controlling Interest	34.5	37.2	-7.3%	88.4	88.2	0.2%
Non-controlling interest	-	-	0.0%	0.0	-	0.0%
Net Income (Loss) for the Year	34.5	37.2	-7.3%	88.4	88.2	0.2%
Net Margin	13.0%	16.0%	-3 p.p.	9.2%	9.8%	-0.6 p.p.

Balance Sheet

Balance Sheet (R\$ '000)	2012	2011	Var. (%)
ASSETS			
Current Assets			
Cash and Cash Equivalents	5.3	8.1	-35.2%
Marketable Securities	1.6	8.9	-81.8%
Trade Accounts Receivable	204.1	184.5	10.6%
Inventories	111.3	103.8	7.3%
Taxes Recoverable	24.2	26.9	-10.1%
Deferred Expenses	2.7	2.5	7.5%
Other receivables	2.9	2.6	9.0%
Total Current Assets	352.1	337.4	4.4%
Non-Current Assets			
Long-Term Assets			
Trade Accounts Receivable	5.9	5.8	1.7%
Taxes Recoverable	6.3	8.8	-28.8%
Deferred income and soc. Contr. Taxes	-	4.6	-100.0%
Taxes Recoverable	0.7	0.8	-20.1%
Investment properties	28.0	28.2	-0.9%
Judicial Deposits	9.5	7.9	20.2%
Other Credits	17.2	20.3	-15.2%
Total Long-Term Assets	67.6	76.6	-11.7%
Permanent Assets			
Investments	-	-	0.0%
Biological Assets	296.0	258.3	14.6%
Fixed Assets	1,063.6	1,041.1	2.2%
Intangible Assets	0.4	0.6	-25.5%
Total Permanent Assets	1,360.0	1,300.0	-8.7%
Total Non-Current Assets	1,427.6	1,376.6	3.7%
Total Assets	1,779.7	1,714.0	3.8%
LIABILITIES			
Trade Accounts Payable	93.3	101.9	-8.5%
Loans and Financing	146.9	146.7	0.2%
Labor Liabilities	26.1	24.3	7.6%
Tax Liabilities	12.5	17.3	-27.9%
Related Parties	0.1	-	0.0%
Tax Installments	35.5	28.5	24.6%
Advances from Clients	17.7	4.3	308.2%
Dividends payable	47.9	33.7	42.2%
Debentures payable	0.2	-	0.0%
Accounts Payable	28.0	33.4	-16.2%
Total Current Liabilities	408.2	390.2	4.6%
Non-Current Liabilities			
Loans and Financings	53.1	85.9	-38.2%
Trade Accounts Payable	2.6	-	0.0%
Tax Installments	73.0	96.3	-24.2%
Deferred Income and Soc. Contr. Taxes	72.2	67.1	7.5%
Provision for Contingencies	28.2	77.2	-63.4%
Debentures payable	73.8	-	0.0%
Total Long-Term Liabilities	302.8	326.6	-7.3%
Shareholder's Equity			
Capital	488.2	488.2	0.0%
Revaluation Reserves	212.3	215.8	-1.6%
Profit Reserve	270.8	193.1	40.2%
Asset Valuation Adjustment	100.3	103.1	-2.7%
Other Comprehensive Income	0.0	(0.0)	-148.7%
Treasury Stock	(2.9)	(2.9)	0.0%
Total Shareholder's Equity	1,068.7	997.2	7.2%
Non-controlling interest	-	0.0	-100.0%
Total Shareholder's Equity and Non-controlling Interest	1,068.7	997.2	7.2%
Total Liabilities and Shareholder's Equity	1,779.7	1,714.0	3.8%

Cash Flow Statement

Cash Flow (R\$ 000)	2012	2011
Net Income before Income and Social Contribution Taxes	114.0	97.8
Adjustments to Reconcile Net Income and Operating Cash Flow		
Depreciation and Amortizations	49.7	45.0
Exhaustion of biological assets	50.3	50.4
Residual Value of Fixed Assets Sold	0.3	0.6
Fair value variation in biologic assets	(41.8)	(43.6)
Write-off of investments	0.4	-
Interest, Monetary and Exchange Variations, net	15.7	49.2
Provision for inventory losses	-	(0.3)
Income and social contribution taxes in the period	(15.9)	(15.4)
Deferred income and social contribution taxes	(9.7)	5.7
Provision (reversal) for liabilities and others	3.1	6.5
Changes in operating assets and liabilities		
Marketable Securities	7.3	(6.5)
Trade accounts receivable	(17.5)	(38.6)
Inventories	(7.6)	(22.5)
Recoverable taxes	3.7	14.0
Deferred income and soc. Contr. Taxes - 11,638/07	9.7	2.6
Deferred expenses	(0.2)	(1.9)
Judicial deposits	(1.6)	(0.3)
Other receivables	2.8	58.5
Trade accounts payable	(6.1)	(10.7)
Labor and Tax Liabilities	(6.3)	2.1
Tax Installments	(32.1)	(7.2)
Advances from Clients	13.3	(0.0)
Provision for contingencies	(49.0)	(54.7)
Accounts payable	(5.4)	(23.9)
Net Cash Flow from Operating Activities	77.1	106.9
Cash Flow from Investing Activities		
Addition to fixed assets	(72.3)	(105.3)
Addition to biological assets	(46.1)	(41.4)
Net Cash Flow from Investing Activities	(118.4)	(146.7)
Cash Flow from Financing Activities		
Amortization of Loans	(141.3)	(129.3)
Loans	108.4	173.8
Intercompany loans	0.1	-
Treasury shares	-	(2.1)
Payment of dividends/Interest on equity	(2.8)	-
Debentures	74.0	-
Net Cash Flow from Financing Activities	38.4	42.4
Increase (Reduction) in Net Cash and Cash Equivalents	(2.9)	2.7
Cash and Cash Equivalents		
Beginning of period	8.1	5.5
End of period	5.3	8.1