

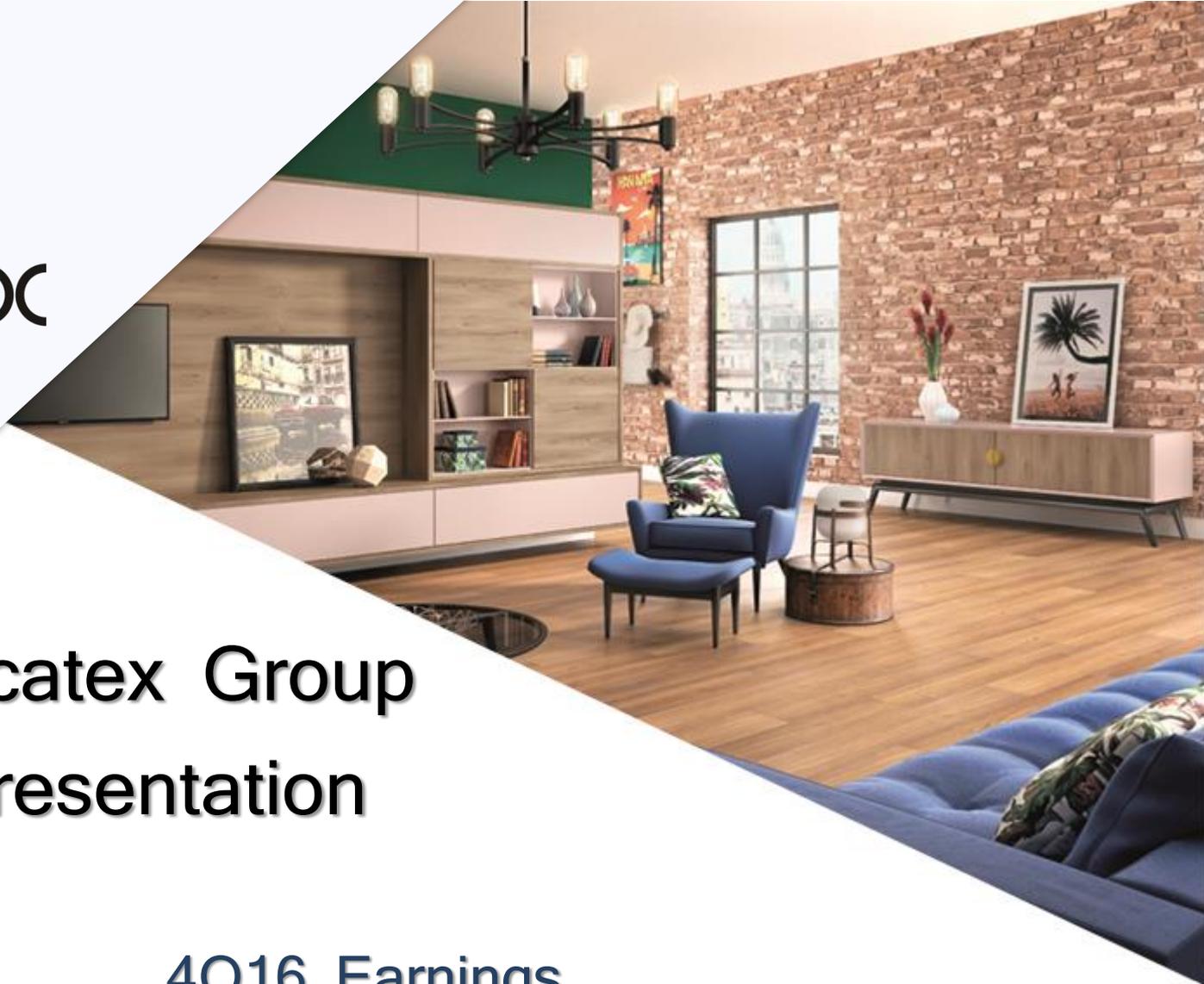


eucatex

# Eucatex Group Presentation

## 4Q16 Earnings

March 23, 2017





## Highlights

### Net Revenue

4Q16: R\$ 284.5 million, down 1.7%  
 2016: R\$ 1,144.5 million, stable (+0.1%)

### Recurring EBITDA

4Q16: R\$ 46.7 million, a increase of 1.9%  
 2016: R\$ 185.8 million, a decrease of 5.5%

### Recurring EBITDA Margin

4Q16: 16.4%, up 0.5 pp  
 2016: 16.2%, down 1.0 pp

### Recurring Net Income

4Q16: R\$ 14.0 million, up 182.9%  
 2016: R\$ 53.5 million, up 140.0%

### Exports

4Q16: Growth of 51.3% in Volume and 17.6% in Net Revenue  
 2016: Growth of 41.9% in Volume and 22.9% in Net Revenue



- ✓ Founded in 1951
- ✓ Segments: Furniture, Retail, Construction and Export
- ✓ Subsidiary in Atlanta, USA
- ✓ 79 eucalyptus farms, totaling 46,300 hectares
- ✓ 2,486 employees

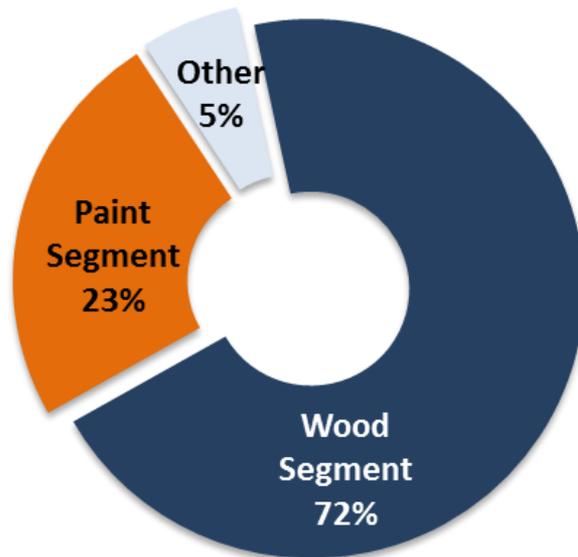
Fiberboard	T-HDF/MDF	MDP and Laminate Flooring	Paints and Varnishes		Seedling Nursery
					
Salto/SP	Salto/SP	Botucatu/SP	Salto/SP	Cabo Sto. Agostinho/PE	Bofete/SP
<b>Hardboard</b> 240,000 m <sup>3</sup> <b>Wall Partitions and Doors</b> 4.8 million	<b>T-HDF/MDF</b> 275,000 m <sup>3</sup>	<b>MDP Laminated Flooring</b> 430,000 m <sup>3</sup> 12 million m <sup>2</sup>	<b>Paints and Varnishes</b> 36 million gallons	<b>Acrylic and PVA Paste and Acrylic Paint</b> 3.6 million gallons	<b>Seedlings</b> 10 million
<b>Paint</b> 65 million m <sup>2</sup> <b>Paper Printing</b> 48 million m <sup>2</sup>	<b>Lacquer and BP</b> 16 million m <sup>2</sup>	<b>Finish Foil, BP and Lacquer</b> 50 million m <sup>2</sup>			



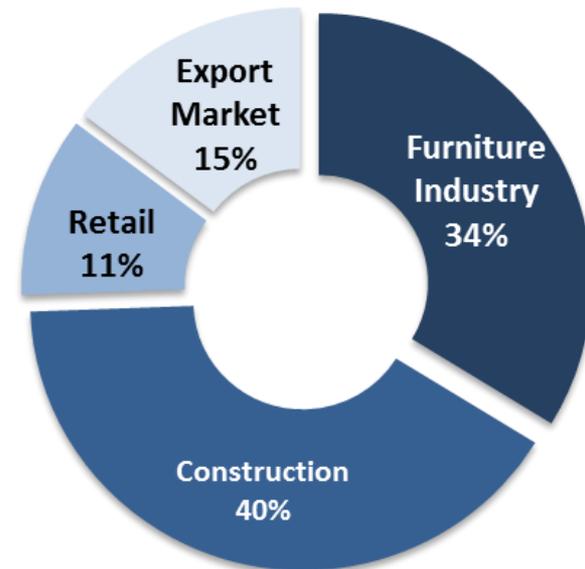
## Net Revenue

4Q15	4Q16	Var	2015	2016	Var
R\$ 289.4 million	R\$ 284.5 million	-1.7%	R\$ 1,143.3 million	R\$ 1,144.5 million	0.1%

### Distribution by Product - 2016



### Distribution by Segment - 2016

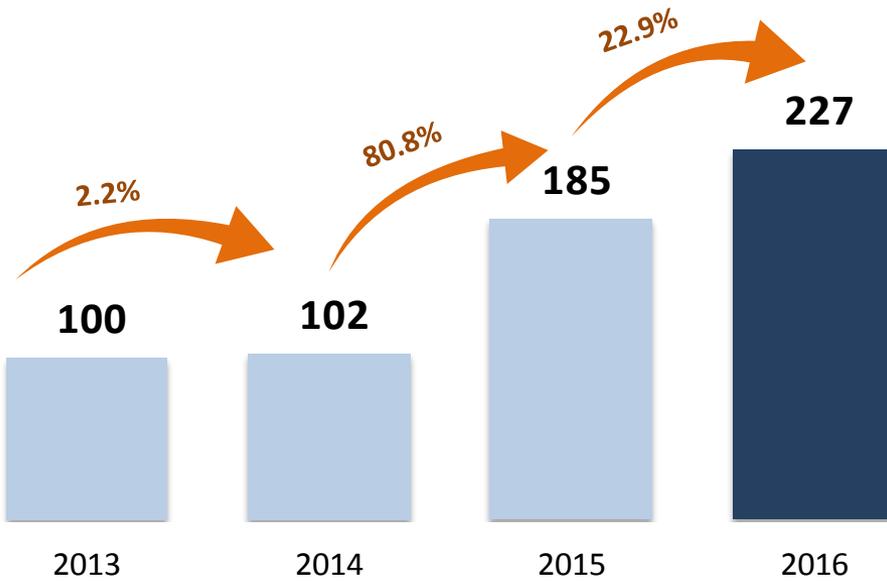




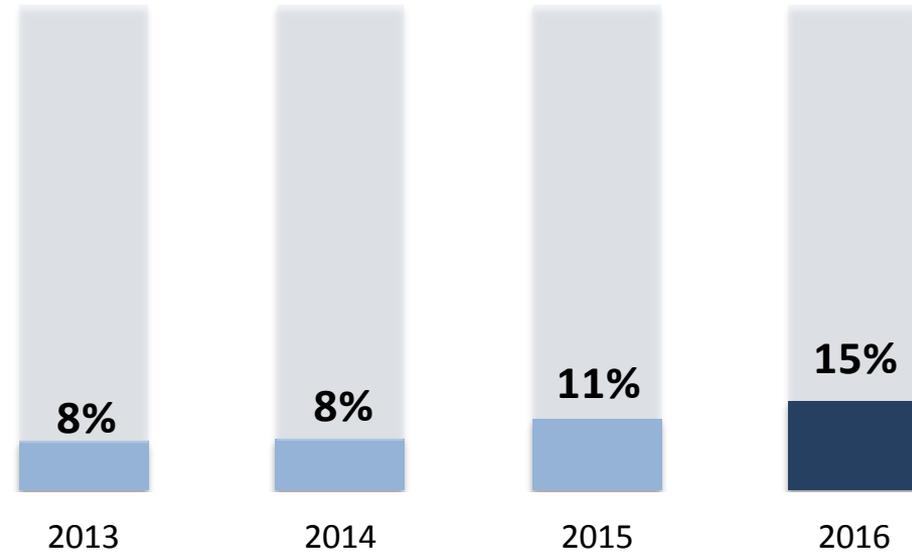
## Export performance - YEAR

### Net Revenue - Base 100 - 2013

CAGR: + 31.4%



### Share of Total Net Revenue





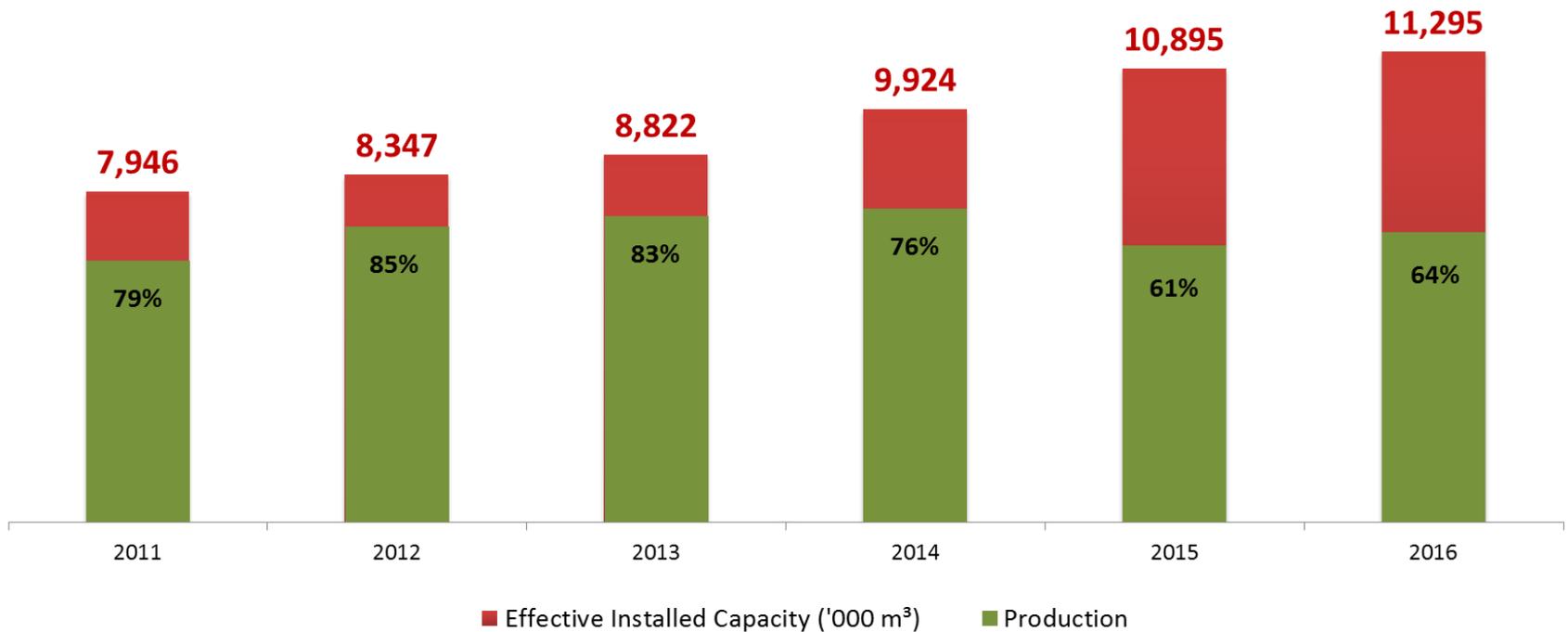
## ABRAMAT Index - Domestic Market





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

Indicator	CAGR
Capacity	7.3%
Production	2.1%



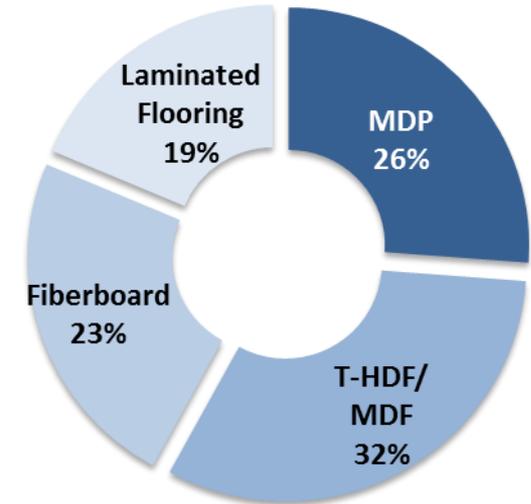
\*GDP Estimate  
(Tendências Consultoria)

2016 ~ -3.6%  
\*2017 ~ 0.7%

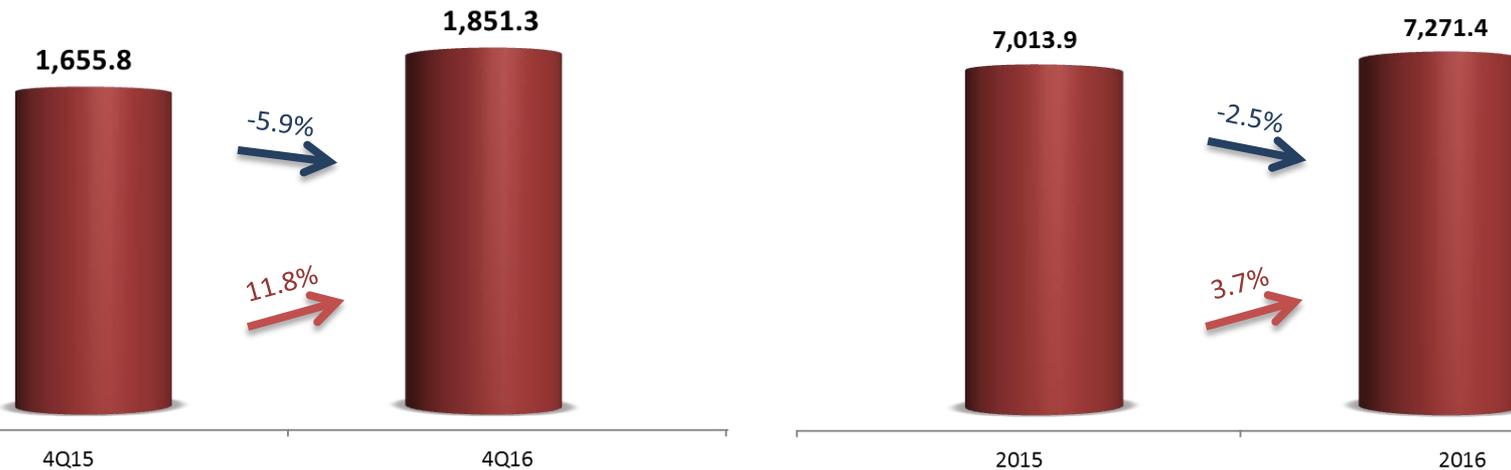


## Net Revenue

4Q15	4Q16	Var
R\$ 208.5 million	R\$ 199.5 million	-4.3%
2015	2016	Var
R\$ 850.3 million	R\$ 820.6 million	-3.5%



## Total Market ('000 m³) Domestic + Export Market

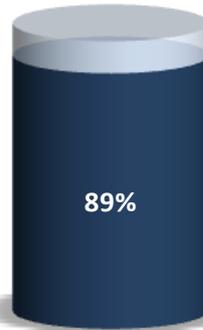




## Installed Capacity Utilization - 4Q16



Fiberboard  
(240,000m<sup>3</sup>/year)



T-HDF/MDF  
(275,000 m<sup>3</sup>/year)



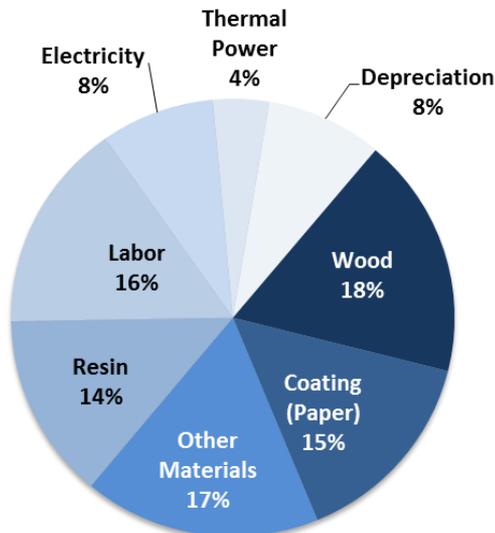
MDP and flooring  
(430,000 m<sup>3</sup>/year)



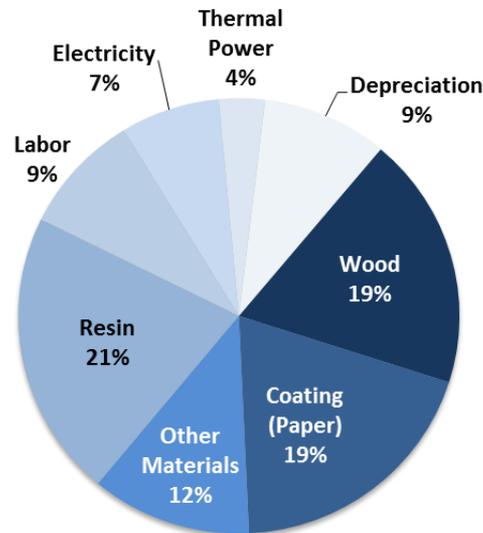
Laminated Flooring  
(12 million m<sup>2</sup>/year)

## Breakdown of Costs - 4Q16

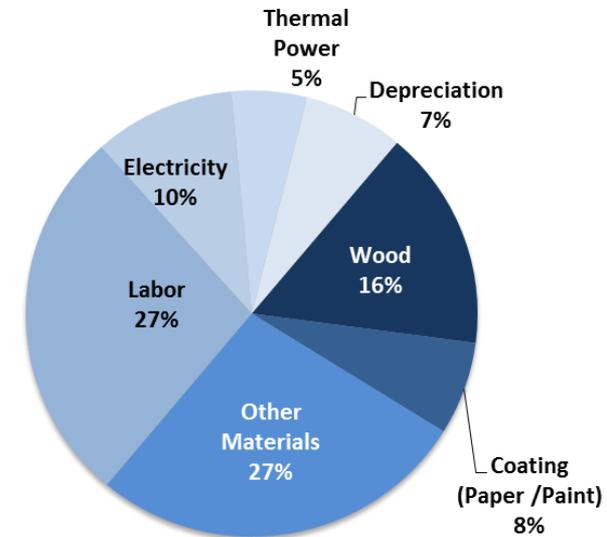
### All Panels



### Resin Panels



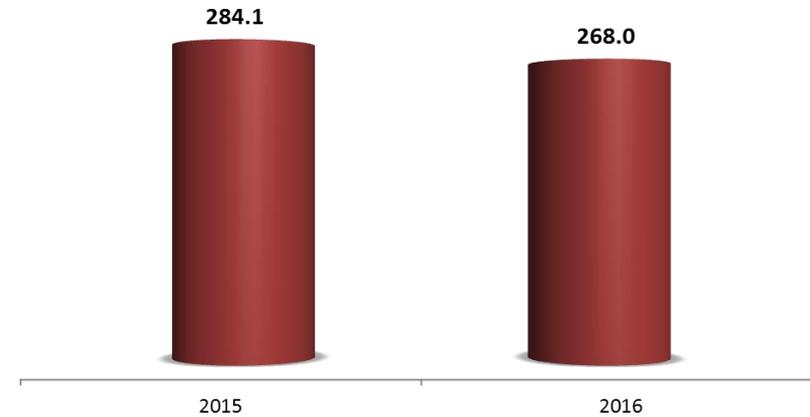
### Non-Resin Panels (Fiberboard)



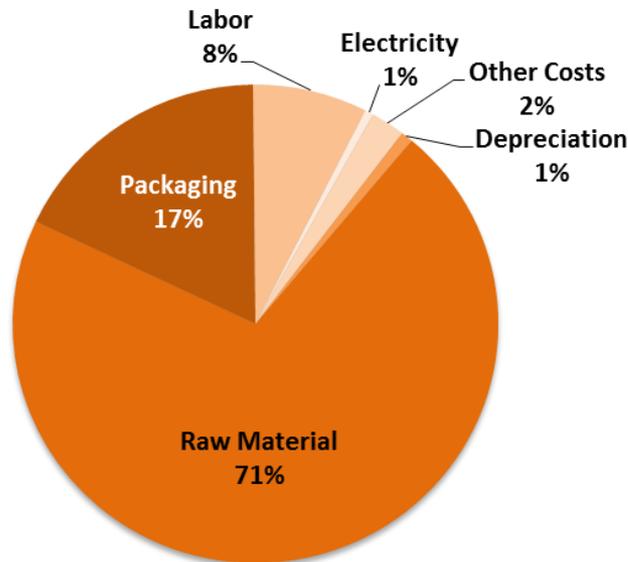


Net Revenue		
4Q15	4Q16	Var
R\$ 65.7 million	R\$ 68.4 million	4.1%
2015	2016	Var
R\$ 253.7 million	R\$ 260.0 million	2.5%

## Market - Million Gallons



## Breakdown of Costs - 4Q16



Change	4Q16 vs. 4Q15	2016 vs. 2015
Eucatex	0.3%	-3.7%
Market	-0.1%	-5.7%

Source: Eucatex

## Installed Capacity Utilization



- Total Capacity - 36 million gallons / year

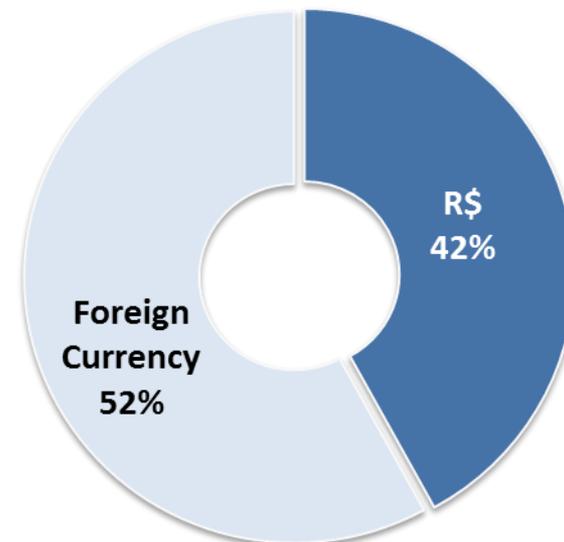
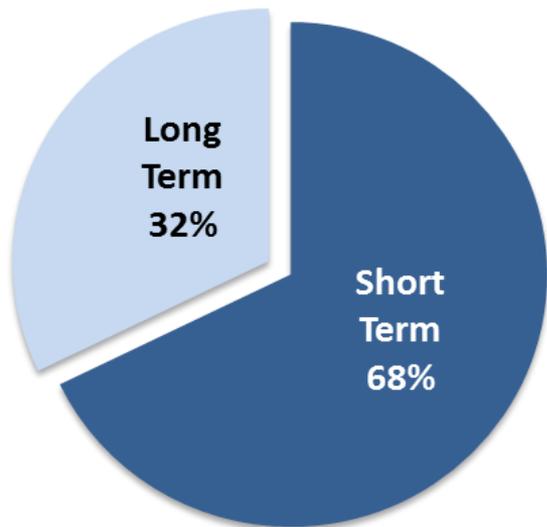


Highlights (R\$ million)	4Q16	V.A. %	4Q15	V.A. %	Var. (%)	2016	V.A. %	2015	V.A. %	Var. (%)
<b>Net Revenue</b>	<b>284.5</b>	<b>100.0%</b>	<b>289.4</b>	<b>100.0%</b>	<b>-1.7%</b>	<b>1,144.4</b>	<b>100.0%</b>	<b>1,143.3</b>	<b>100.0%</b>	<b>0.1%</b>
Fair value of biological assets	8.3	2.9%	8.9	3.1%	-6.3%	29.8	2.6%	44.3	3.9%	-32.7%
Cost of products sold	(207.1)	-72.8%	(220.6)	-76.2%	-6.1%	(850.9)	-74.4%	(852.8)	-74.6%	-0.2%
<b>Gross income</b>	<b>85.7</b>		<b>77.7</b>		<b>10.3%</b>	<b>323.4</b>		<b>334.8</b>		<b>-3.4%</b>
<b>Gross Margin (%)</b>	<b>30.1%</b>		<b>26.8%</b>		<b>3.3 p.p.</b>	<b>28.3%</b>		<b>29.3%</b>		<b>-1 p.p.</b>
Administrative expenses	(13.7)	-4.8%	(14.6)	-5.1%	-6.2%	(57.1)	-5.0%	(56.3)	-4.9%	1.3%
Selling expenses	(42.9)	-15.1%	(43.9)	-15.2%	-2.2%	(168.8)	-14.8%	(168.6)	-14.7%	0.1%
Other operating income and expenses	(0.4)	-0.1%	1.2	0.4%	-132.3%	(0.8)	-0.1%	1.9	0.2%	-142.4%
<b>EBITDA adjusted by non-cash events</b>	<b>43.8</b>	<b>15.4%</b>	<b>41.6</b>	<b>14.4%</b>	<b>5.2%</b>	<b>165.8</b>	<b>14.5%</b>	<b>184.9</b>	<b>16.2%</b>	<b>-10.3%</b>
<b>EBITDA Margin (%)</b>	<b>15.4%</b>		<b>14.4%</b>		<b>1 p.p.</b>	<b>14.5%</b>		<b>16.2%</b>		<b>-1.7 p.p.</b>
<b>Adjusted Recurring EBITDA</b>	<b>46.7</b>		<b>45.9</b>		<b>1.9%</b>	<b>185.8</b>		<b>196.7</b>		<b>-5.5%</b>
<b>Adjusted Recurring EBITDA Margin (%)</b>	<b>16.4%</b>		<b>15.9%</b>		<b>0.5 p.p.</b>	<b>16.2%</b>		<b>17.2%</b>		<b>-1 p.p.</b>
Net financial result	(15.2)	-5.3%	(14.7)	-5.1%	-3.0%	(40.1)	-3.5%	(112.5)	-9.8%	64.3%
Non-recurring results	(3.0)	-1.0%	(4.3)	-1.5%	30.3%	(20.0)	-1.7%	(11.8)	-1.0%	-69.7%
Income and social contribution taxes	0.5	0.2%	(0.7)	-0.2%	-180.3%	(2.9)	-0.3%	22.9	2.0%	112.8%
<b>Net Income</b>	<b>11.0</b>	<b>3.9%</b>	<b>0.7</b>	<b>0.2%</b>	<b>1499.1%</b>	<b>33.5</b>	<b>2.9%</b>	<b>10.5</b>	<b>0.9%</b>	<b>218.9%</b>
<b>Recurring Net Income</b>	<b>14.0</b>	<b>4.9%</b>	<b>5.0</b>	<b>1.7%</b>	<b>182.9%</b>	<b>53.5</b>	<b>4.7%</b>	<b>22.3</b>	<b>1.9%</b>	<b>140.0%</b>

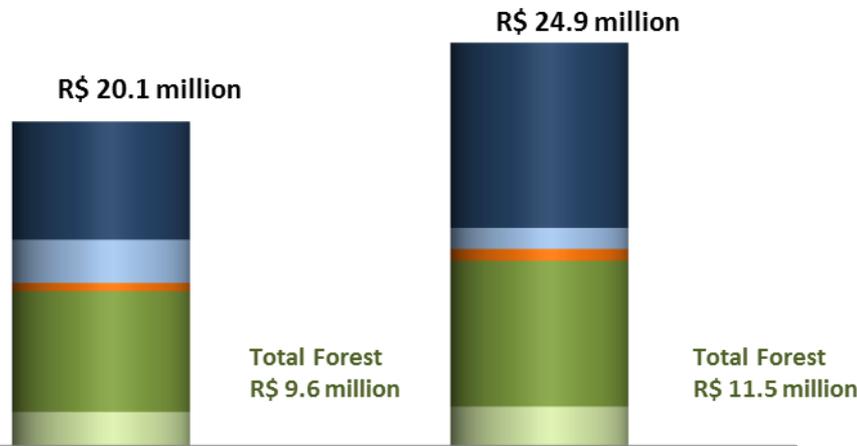


Debt (R\$ Million)	2016	9M16	Var. (%)	2015	Var. (%)
Short Term Debt	241.3	227.8	5.9%	210.6	14.6%
Long Term Debt	114.4	135.0	-15.3%	140.9	-18.8%
<b>Gross Debt</b>	<b>355.7</b>	<b>362.8</b>	<b>-2.0%</b>	<b>351.5</b>	<b>1.2%</b>
Cash and Cash Equivalents	23.6	24.3	-2.9%	17.6	33.9%
<b>Net Debt</b>	<b>332.1</b>	<b>338.6</b>	<b>-1.9%</b>	<b>333.9</b>	<b>-0.5%</b>
% Short Term Debt	68%	63%	5 p.p.	60%	8 p.p.
<b>Net Debt/EBITDA</b>	<b>1.8</b>	<b>1.8</b>	<b>-2.1%</b>	<b>1.7</b>	<b>5.3%</b>

## Debt Profile



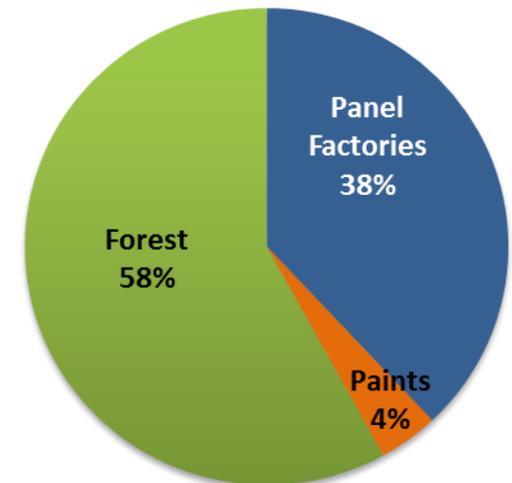
## Investments Made



	4Q15	4Q16
■ Salto	7.3	11.4
■ Botucatu	2.7	1.3
■ Paints	0.5	0.7
■ Silviculture	7.5	9.0
■ Leasing	2.1	2.4

## Planned for 2017

**R\$ 78 million**



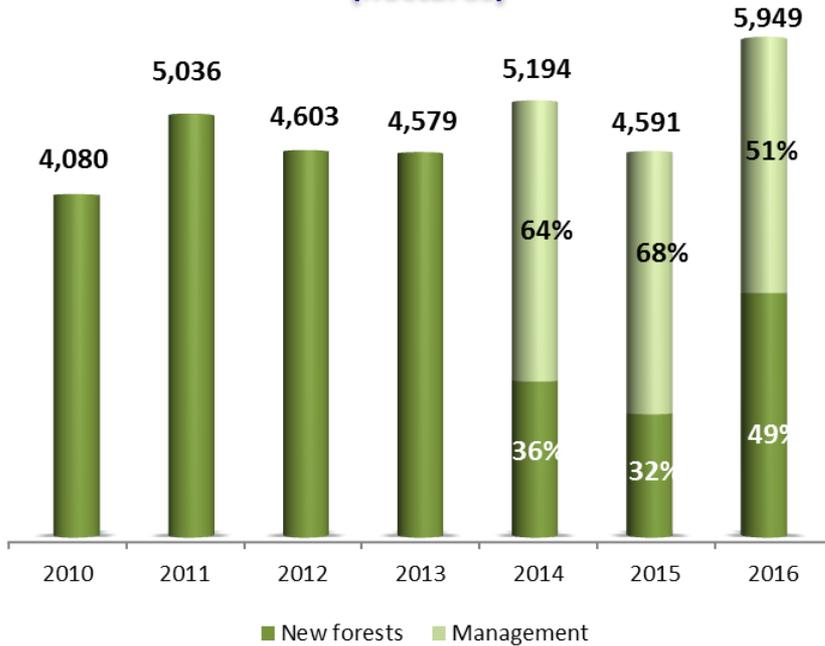


79 farms with planted eucalyptus forests, totaling 46,300 hectares

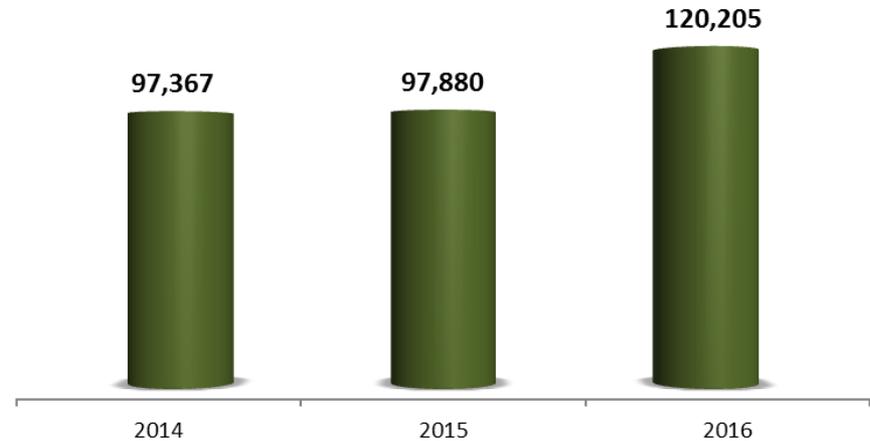
Average Radius	
Salto	Botucatu
173 km	38 Km

Total Processing Capacity - Recycling		
Ton/Year	Equivalent to	
	Trees	Forests
240,000 ton	2 million / year	1,500 hectares

## Newly Planted Forests and Seedling Management (hectares)



## Volume Processed (ton) - Recycling



## Gains in Wood Purchases – Recycling – 2016

Wood Market *	Recycled	Variation	Consump. Dry Ton	Gain
R\$210.60 ton/dry	R\$131.92 ton/dry	R\$78.68 ton/dry	102,174	R\$8,039 thousand

\* Wood chips - CIF





## Diretrizes

### Exports

Adjust production lines to drive exports.

### Portfolio

Reduce Domestic Market portfolio for increased efficiency and productivity.

### Forest Management

New review of forest management to reduce related investments.

### Investments

Reduce manufacturing investments, focusing exclusively on sustaining the operations.

### Costs

Review structures and services contracted by the Company, aiming to reduce costs and gain efficiency.



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