

3Q08 Earnings Conference Call

November 12, 2008



eucatex

Respeito ao meio ambiente
é a nossa matéria-prima.

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This presentation includes forward-looking statements that are subject to risks and uncertainties based on the beliefs and assumptions of the management of Eucatex S.A. Indústria e Comércio, and on information currently available to the Company.

Forward-looking statements are not guarantees of performance. They involve risks, uncertainties and assumptions because they relate to future events and therefore depend on circumstances that may or may not occur.

Investors should understand that overall economic conditions, industry conditions and other operating factors may affect the company's future results and may lead to results that differ materially from those expressed in such forward-looking statements.

- » Founded in 1951
- » Gross Revenue: 2007 – R\$ 765 million
 9M08 – R\$ 650 million
- » 4 industrial plants in São Paulo and 57 eucalyptus plantation farms, totaling 44 thousand ha.
- » Subsidiary in Atlanta – USA and exportations to more than 25 countries.
- » Number of Employees: 2,287

» **Financial Results**

- **Gross Revenue** reached R\$ 230.5 million in 3Q08 against R\$ 193.4 million in 3Q07, representing an increase of 19.1%. For 9M08, the revenue was R\$ 649.1 million, with an increase of 15.4% over the same period of 2007;
- **Gross Margin** of 32.0% in 9M08, while in 9M07 was of 31.3%, an increase of 0.7 b.p.;
- **EBITDA** of R\$ 98 million in 9M08, an increase of 30.3% over 2007; and
- Increase of **EBITDA Margin** in 2.2 b.p. reaching 18.6% in 2008.

» **Sales Increase**

- Highlight to Paint sales and Laminated Flooring, with an increase of **22% and 10%**, respectively, in 3Q08 against 3Q07.

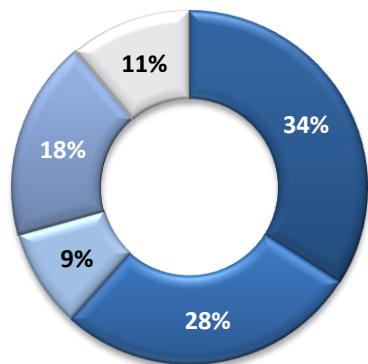
» **Construction of the new T-HDF Line within schedule**

- Constructions are within planned schedule. The line shall begin operation by the end of 1H09, and reaching its full annual capacity, may add up to R\$ 250 million to the gross revenue and R\$ 90 million to the Group Cash generation.

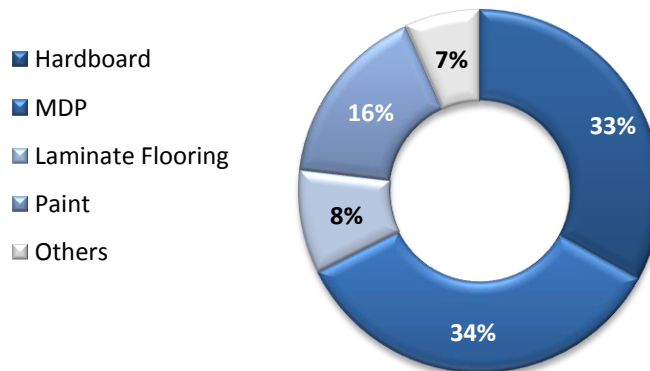
» Highlights

- Eucatex paint segment now represents 18% of the revenue in 3Q08, against 16% in 3Q07.
- MDP Panels relative participation reduction due to a 15 day programmed stoppage at the Botucatu Plant.

Gross Revenue Breakdown - 3Q08



Gross Revenue Breakdown - 3Q07



3Q08



3Q07



» Eucatex Group First Plant, it is the biggest fabric unit.

- Localization: Salto-SP
- Area: Land – 540 thousand m² / Constructed – 153 thousand m²
- Gross Revenue: 9M08 – R\$ 215 million (being 20 % exported to more than 25 countries)
- Number of Employees: 827

» Main Products and installed capacity / year:

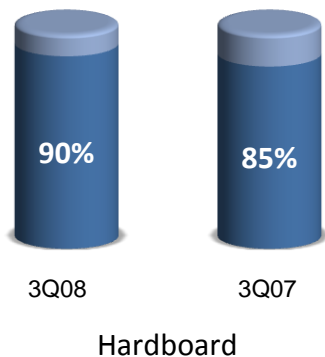
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| ■ Hardboard | 240 thousand m ³ |
| ■ Panels and doors | 1,800 thousand pc |
| ■ Paint Capacity | 50,000 thousand m ² |



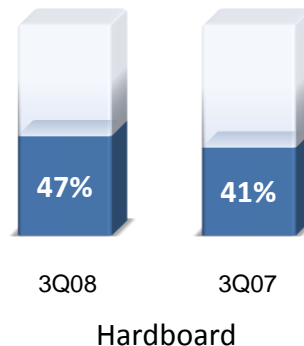
- » Increase of **14.1%** in the gross revenue in 9M08 and *market share* increase due to the better use of the installed capacity, price improvement and sales mix;
- » Electric energy supply guaranteed (contract up to 2012) and thermal energy through the wood recycling project; and
- » In 2008, Eucatex exportation will be of US\$ 12 million. The new plant was projected considering 10 days of its monthly production capacity to the External Market, which represents a revenue of, approximately, US\$ 30 million / year.



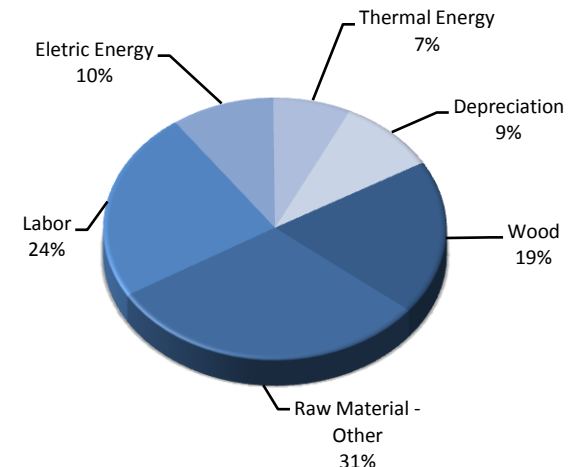
Installed Capacity Used



Market Share



COGS - Hardboard- 3Q08



Only Plant in Latin America able to laminate paper during the process of MDP panels formation.

- Localization: Botucatu-SP
- Area: Land 372 thousand m²/Constructed 62 thousand m²
- Gross Revenue: 9M08 - R\$ 267 million
- Number of Employees: 386

» **Main Products and installed capacity / year:**

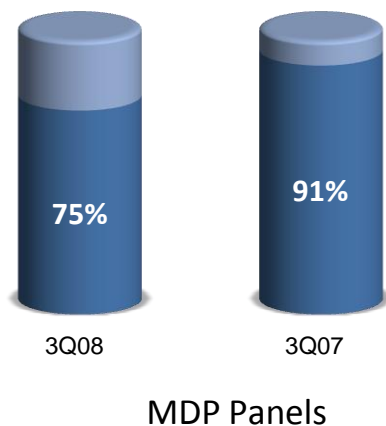
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| ■ MDP | 430 thousand m ³ |
| ■ Floor | 7,200 thousand m ² |
| ■ Coated BP and Lacca | 20,000 thousand m ² |



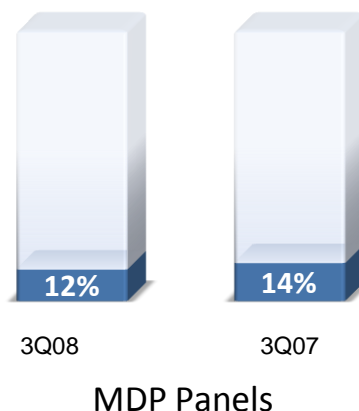
- » MDP Panels Gross Revenue reached R\$ 211.7 million in 9M08, **increase of 11.1%** over 9M07, due to better prices and mix; and
- » In jul/08, a 15 day stoppage occurred due to preventive maintenance and implantation of improvements in the line, which resulted in an increase of 5% in the MDP capacity and reduction in energy consumption.



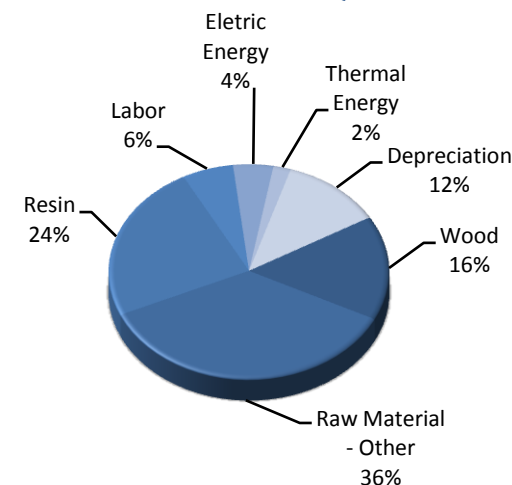
Installed Capacity Used



Market Share

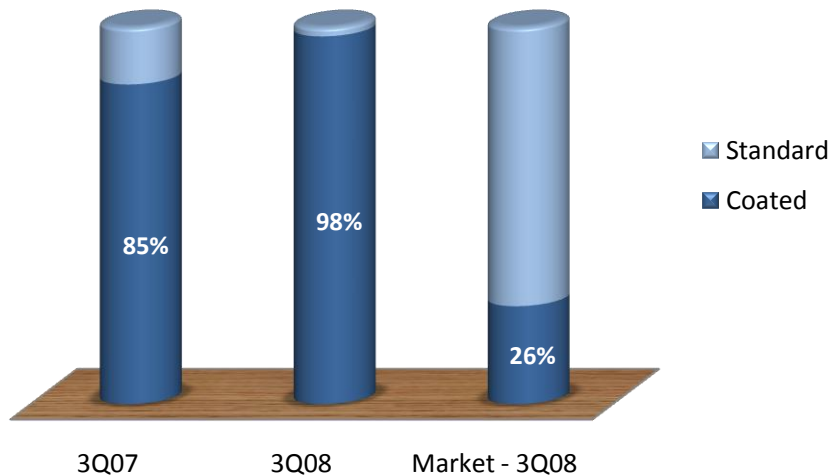


COGS- MDP - 3Q08



- » Eucatex sales mix has more participation of coated products in comparison with other market players; and
- » In 3Q08, the percentage of **coated**, products of higher aggregate value, represents **98%** of the MDP dispatched.

MDP coated proportion
EUCATEX



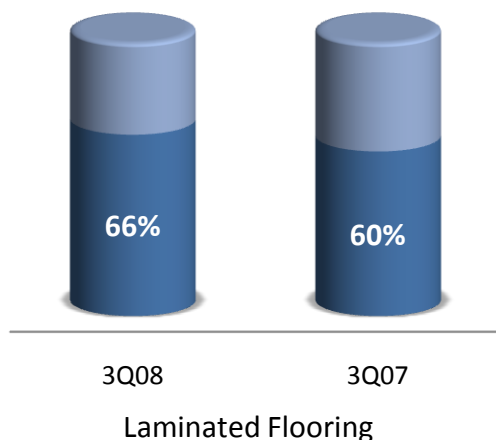
- » The Company has unique products like Eucatop and Lacca.

(*) Source: ABIPA and Companies

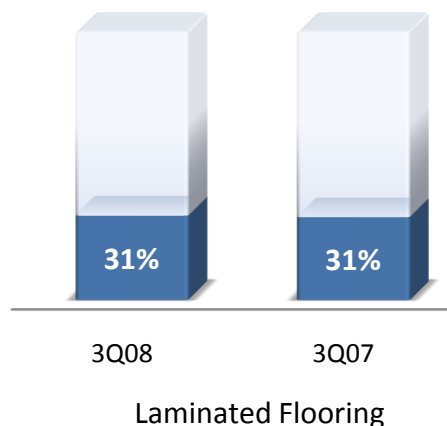
- » For 9M08, the gross revenue for Laminated Floors reached R\$ 54.6 million, **increase of 13.5%** over 9M07;
- » Mix fortification, due to the acceptance of the completed launches in 1H08. The products with exclusive patterns and PWG technology – Plug Without Glue– are having a lot of success with the architects and decorators; and
- » Investments in the sales posts due to the launches and line renewal.



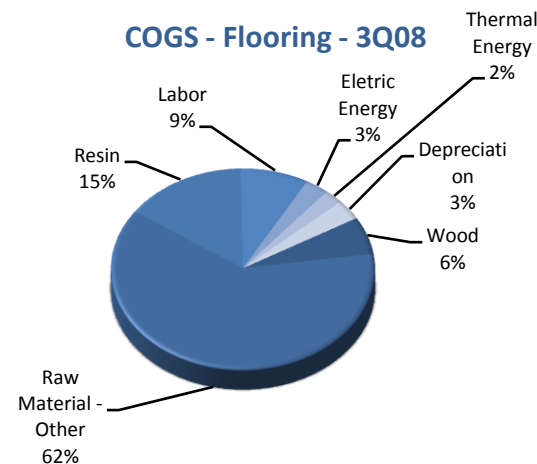
Installed Capacity Used



Market Share



COGS - Flooring - 3Q08



Inaugurated in 1994, appointed as one of the most modern of Latin America, due to its last generation equipments and to a laboratory with the most advanced technologies.

- Localization: Salto-SP
- Area: Land 960 thousand m² / Constructed 36 thousand m²
- Gross Revenue: 9M08 - R\$ 110 million
- Number of Employees: 196

Installed Capacity / year:

- Capacity: 36 million of gallons / year



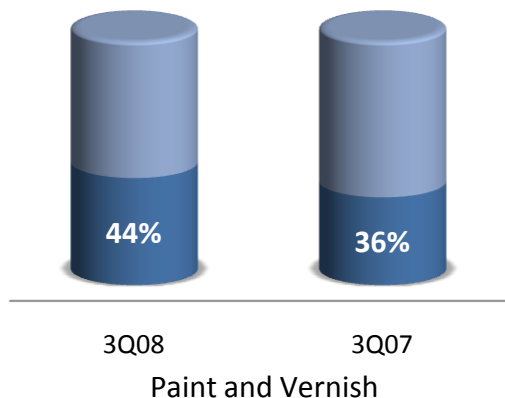
- » Increase of 35.9% in the gross revenue over 9M07, which reflects the actions below:
- » Sales team well structured and present in miscellaneous regions of the Country;
- » New Distribution Centers created; and
- » New products and color patterns launches, besides the amplification of the Paint-metric System actuation.



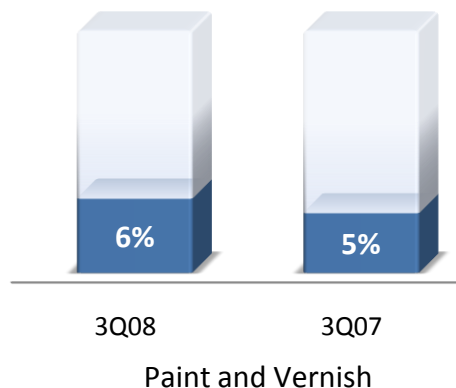
Growth	2006	2007	9M08
Eucatex	34%	52%	29%
Market (*)	3%	6%	12%

(*) Source: Abrafati and 9M08 Eucatex projections

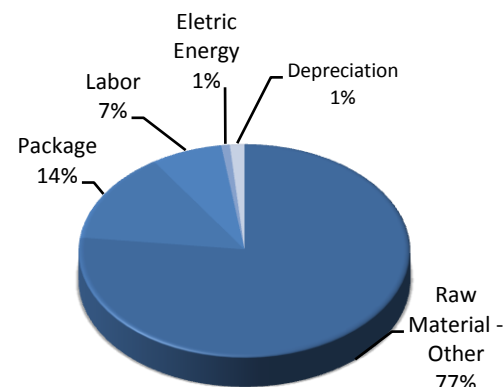
Installed Capacity Used



Market Share



COGS - Paints - 3Q08



(*) Source: Eucatex estimate

» Forests

- The Company owns 57 farms of eucalyptus plantation, totaling 44 thousand ha
- Average radius of Salto – 122 km
- Average radius Botucatu – 60 km
- New forests planted in 2007 – 5.400 ha*
- New forests planted in 2008 – 3.000 ha*
- Forests with certification ISO 14001 e Green Seal granted by FSC

* ha = hectare

» Wood Recycling Product

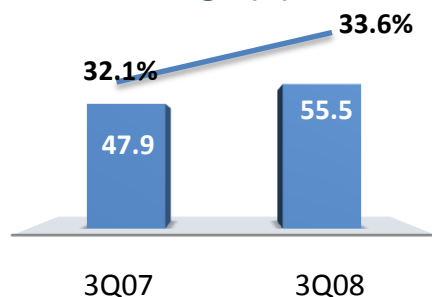
- Average radius of residual capture – 150 km
- Volume Processed in 2008 – 88 thousand ton
- This volume would represent 900 de ha of forests per year, which represents an investment, only in land, of R\$ 10 million/year.

Sustainability Guarantee and new product development possibility.

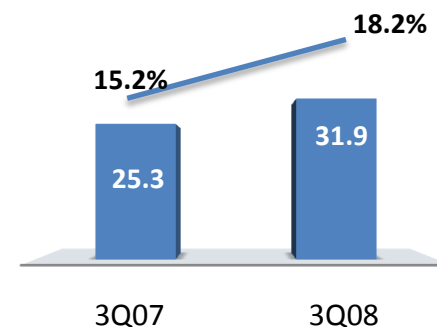
Financial Highlights

3Q08 Highlights (R\$ MM)	3Q08	3Q07	Change (%)	9M08	9M07	Change (%)
Net Revenue	187.1	154.1	21.4%	525.9	459.1	14.6%
COGS	(131.7)	(106.2)	24.0%	(357.4)	(315.3)	13.4%
Gross Profit	55.5	47.9	15.7%	168.4	143.7	17.2%
Gross Margin (%)	29.6%	31.1%	-1,5 p.p.	32.0%	31.3%	+0,7 p.p.
<i>Comercial and Administrative Debts</i>	(37.2)	(28.6)	30.0%	(104.1)	(92.8)	12.2%
<i>Non-recurring debts</i>	2.4	(3.9)	-160.7%	-	(6.5)	-100.0%
EBITDA	31.9	25.3	26.3%	98.0	75.2	30.3%
EBITDA Margin (%)	17.1%	16.4%	+0,7 p.p.	18.6%	16.4%	+2,2 p.p.
<i>Net Financial Result</i>	(25.0)	5.9	-522.8%	(36.5)	(2.2)	-1545.6%
<i>Other Revenues and Non Operational Debts</i>	0.2	0.1	337.6%	7.7	(0.1)	11917.2%
<i>IR and Social Contribution Net Revenue</i>	5.1	-	n.m.	(3.9)	-	n.m.
Net Profit	0.9	21.4	-95.7%	31.6	42.1	-24.9%

Gross Income (R\$ MM) and Gross Margin (%)

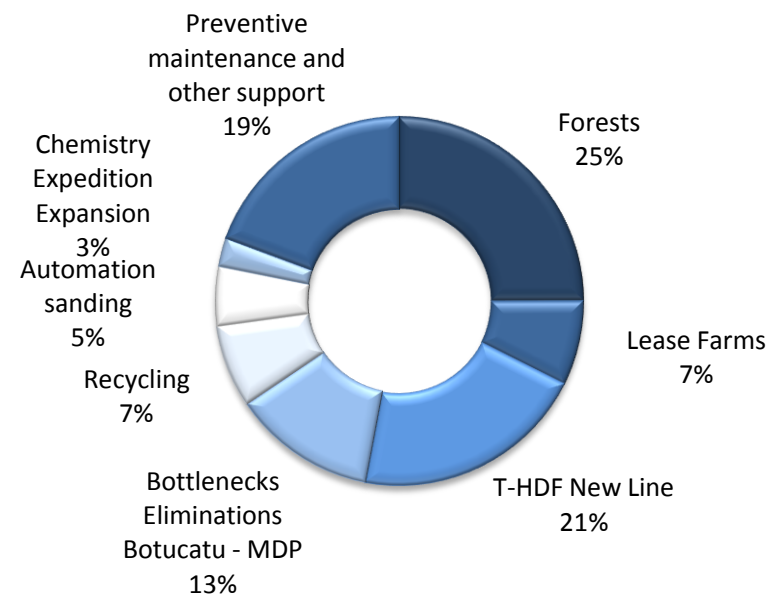


EBITDA(R\$ MM) and Margin EBITDA (%)

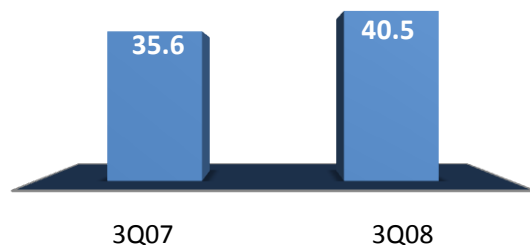


Capex - Investments

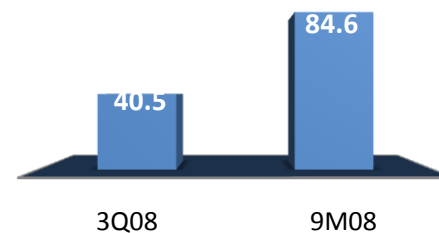
Investimentos - R\$ Million	9M08
Forests	21.1
Lease Farms	6.3
T-HDF New Line	17.4
Bottlenecks Eliminations Botucatu - MDP	10.6
Recycling	6.2
Automation sanding	4.4
Chemistry Expedition Expansion	2.2
Preventive maintenance and other support	16.4
Total	84.6



Capex Investments (R\$ MM)



Capex Investments (R\$ MM)



- » Project is within schedule;
- » The start of the production for this line is scheduled for the 1st semester of 2009; and
- » All equipments are scheduled to be delivered until the end of this year.

T-HDF: Similar to MDF, but with higher density and quality.

New T-HDF Line	
Installed Capacity Increase (m ³)	110 million (m ²) / year
Installed Capacity Increase (m ³)	275 thousand (m ³) / year
Additional Gross Revenue	R\$ 250 million
EBITDA	R\$ 90 million

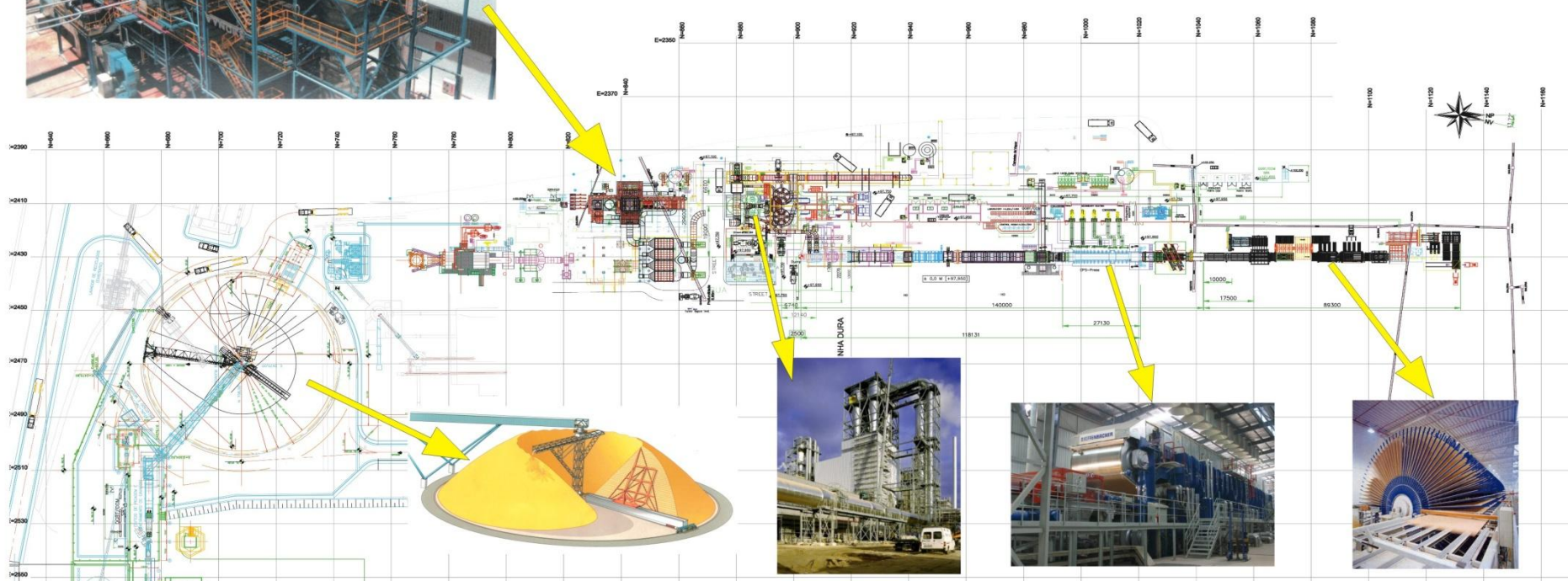
**EBITDA
Margin** **50 %**



New Fabric Plant T-HDF (Thin High Density Fiberboard)

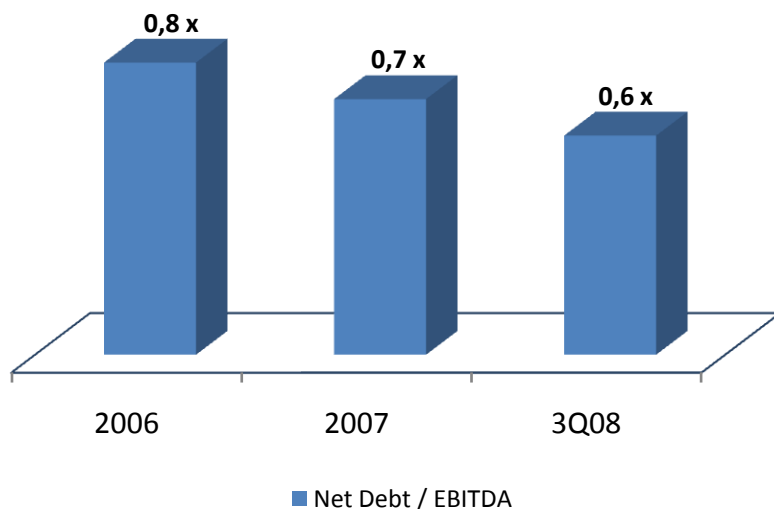
Salto - SP

Conclusion until June/2009

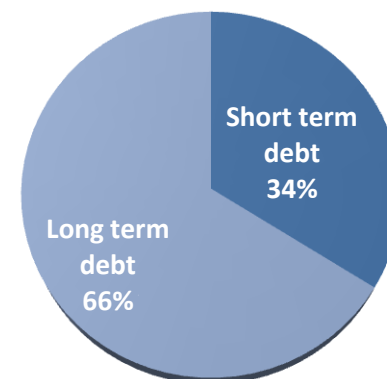


Debt (R\$ Million)	3Q08	3Q07	Var. (%)
Short Term Debt	38.7	31.4	23.0%
Long Term Debt	75.3	71.5	5.3%
Gross Debt	114.0	103.0	10.7%
Cash and Cash Equivalents	4.4	4.5	-1.0%
Net Debt	109.6	98.5	11.2%
% Short Term Debt	34%	31%	+3,0 p.p.
Net Casth (Debt)/EBITDA	0.6	0.7	-14.6%

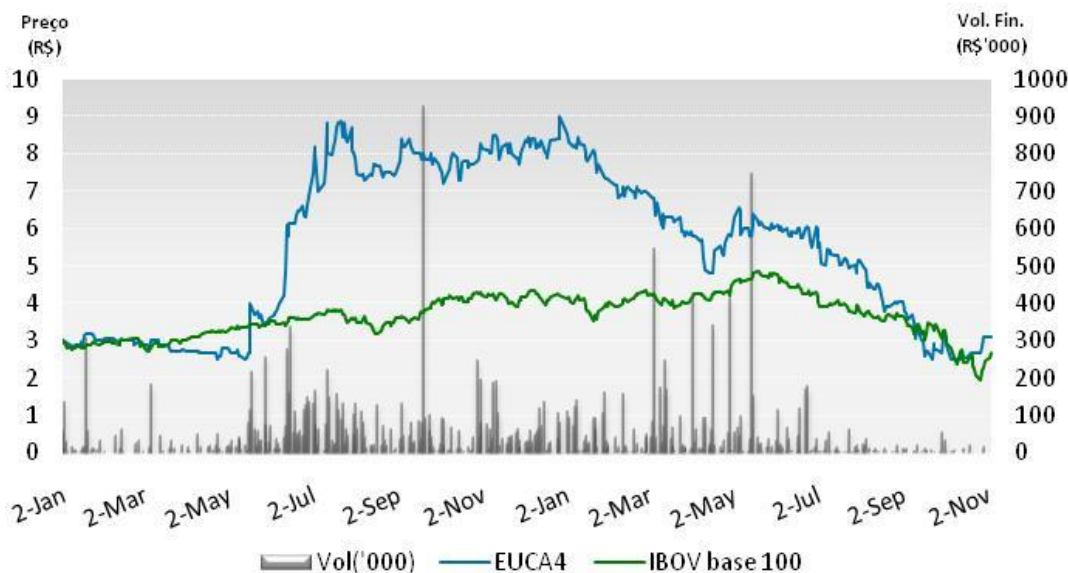
Net Debt vs Ebtida



3Q08 Profile Debt

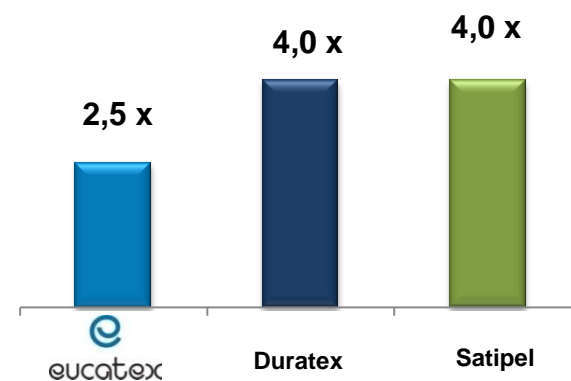


EUCA4 x IBOV

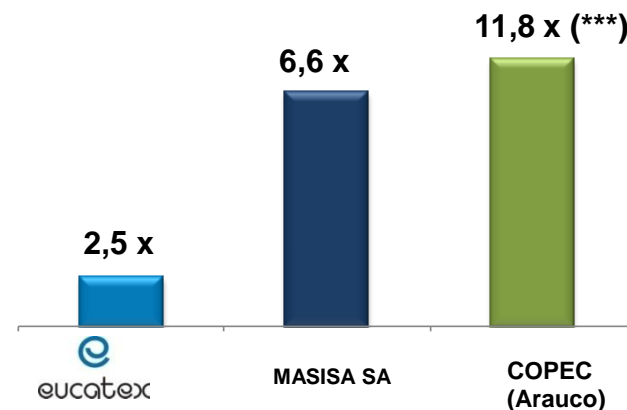


- » **EUCA4** price on September 30, 2008: R\$ 3.09
- » Appreciation from January 1, 2007 to November 4, 2008.
EUCA4: +3% IBOV: -11%

EV/EBITDA* ratio EUCATEX x Brazilian Peers



EV/EBITDA** ratio EUCATEX x International Peers



- » **New T-HDF line** – strategically differentiated from competitors;
- » **External Market Distribution** – traditional exporter of thin wood plates, with own structure in USA;
- » **Cost differential in electric and thermal energy**: contract of electric energy up to 2012 (for the new T-HDF line also) and self-sufficient in biomass for the generation of thermal energy through its pioneer project of recycling;
- » **Forest self-sustainability** guaranteed through the area of 44 thousand ha of forests with ISO 14001 Certification and Green Seal granted by FSC;
- » Paint segment with **growing rates above market** and installed capacity available to sustain this expansion;
- » Entry into the stage of completion of property launches occurred between 2006 and 2008, creates great prospects for the markets in which we operate, and
- » **Greater potential for recovery** of the action (EV / EBITDA) compared to peers.

José Antonio G. de Carvalho
Executive Vice President and IR Director

55 (11) 3049-2361

ri@eucatex.com.br

www.eucatex.com.br/ir

