EUCATEX announces 3Q10 results: Gross revenue growth of 18.3%, Recurring EBITDA of R$39 million (+88%) and EBITDA margin of 20%

São Paulo, November 4, 2010. Eucatex (BM&FBovespa: EUCA3 and EUCA4; Bloomberg: EUCA3 BZ and EUCA4 BZ), one of the largest manufacturers of fiberboard and medium density particleboard (MDP) in Brazil, with operations also in the segments of paint and varnish, laminate flooring, partitions and doors, announces its results for the third quarter of 2010 (3Q10). Except where stated otherwise, the financial and operating information herein is audited and presented on a consolidated basis in Brazilian real (R$), in accordance with Brazilian corporation laws and regulations, and all comparisons refer to the third quarter of 2009 (3Q09).

Highlights

- **Net Revenue** of **R$198.9 million** in the third quarter, **18%** higher than in 3Q09.
- **Recurring EBITDA of R$39.4 million, up 89% from R$20.9 million in 3Q09. EBITDA margin of 19.8% in 3Q10, improving 7.5 p.p. from 12.4% in 3Q09.**
- **Laminate Flooring** and **Paint** sales volume grew in relation to 3Q09 by 29% and 13%, respectively. In 9M10, sales volume growth was 41% for Flooring, 13% for Paint and 10% for Fiberboard.
- **Gross Margin of 37.7% in 3Q10**, up 7 p.p. from 3Q09.
- **Operational launch of the new T-HDF/MDF line** in October 2010**.**

Highlights (R$ MM)	*3Q10*	*3Q09*	Var. (%)	*9M10*	*9M09*	Var. (%)
Net Revenue	*198.9*	*168.3*	18.2%	*579.7*	*482.7*	20.1%
Gross Profit	*75.1*	*51.7*	45.0%	*208.7*	*162.7*	28.3%
Gross Margin (%)	*37.7%*	*30.7%*	*7 p.p.*	*36.0%*	*33.7%*	*2.3 p.p.*
EBITDA	*97.1*	*193.2*	-50%	*173.1*	*251.3*	-31%
EBITDA Margin (%)	*48.8%*	*114.8%*	*-65.9 p.p.*	*29.9%*	*52.1%*	*-22.1 p.p.*
Net Income	*66.1*	*185.0*	-64.3%	*89.0*	*202.0*	-55.9%
Net Debt	*163.6*	*94.1*	73.8%	*163.6*	*94.1*	73.8%
Net Debt / EBITDA (LTM)	*1.0*	*1.1*	-7.8%	*1.1*	*0.9*	19.0%
RECURRING EBITDA (UDM)	***39.4***	***20.9***	**88.5%**	***115.4***	***79.0***	**46.0%**
RECURRING EBITDA Margin (%)	***19.8%***	***12.4%***	***7.5 p.p.***	***19.9%***	***16.4%***	***3.6 p.p.***

Economic Scenario

Economic indicators, which are considered the main drivers of the Company's businesses, continued to record positive numbers. The Monthly Retail Survey (PMC) conducted by the Brazilian Geography and Statistics Institute (IBGE), which analyzes various segments of the retail industry, recorded an increase of 10.4% in the overall index from August 2009 to August 2010, while more specifically the furniture and household appliances index registered an increase of 16.4%. Meanwhile, income levels in Brazil registered an increase of 7.0%. Real estate credit, which in September 2009 was equivalent to 2.8% of GDP, represented 3.5% of GDP in August 2010. Despite this significant increase, these figures are still much lower than in other countries, even in a comparison with only developing countries. Another aspect corroborating the strength of the construction industry is the growth in the revenue generated by homebuilders, which should reach R$25 billion in 2010, 40% more than in 2009.

Eucatex and the Market

In addition to these economic indicators, the sectors in which Eucatex operates have also registered strong growth. The Fiberboard segment (MDP+MDF) grew by 31% in the first nine months of 2010 on the same period a year ago, while the Flooring and Paint segments grew by 20% and 15%, respectively.

Eucatex has benefited from this positive scenario, especially its Flooring and Paint lines, which in the first nine months of this year recorded growth on a year ago of 41% and 27%, respectively. In the Fiberboard segment, the company should leverage its sales considerably with the production generated by its new T-HDF/MDF line.

Operating Performance
2005 - 100 basis

Sales Volume	*3Q10*	*3Q09*	Var. (%)	*9M10*	*9M09*	Var. (%)
Hardboard (Domestic Market)	128	126	1.8%	117	111	5.7%
Hardboard (Foreign Market)	44	65	-31.9%	38	61	-37.5%
Laminate Flooring	225	174	28.9%	205	145	41.1%
Paint	334	296	12.8%	349	276	26.7%

In 3Q10, Eucatex recorded growth of 1.8% in its domestic fiberboard sales, which in part was due to the 32% reduction in exports. Domestic demand has been consistent and this market generates higher margins for the Company.

Coated products accounted for 90% of MDP board sales in 3Q10, in comparison with 94% in 3Q09.

Eucatex continues to develop new standards, which are always aligned with the needs of its clients in order to maintain their loyalty and competiveness.

The Laminated Flooring segment recorded growth of 41%, versus the industry average of 20%, demonstrating the effectiveness of the strategies to develop and market new products.

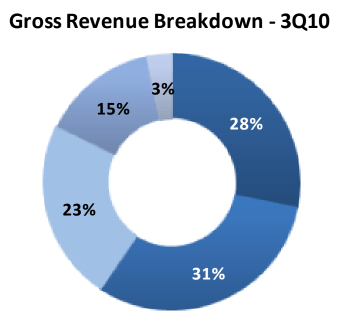
In 9M10, the Paint business expanded by 27% in relation to the same period of 2009.

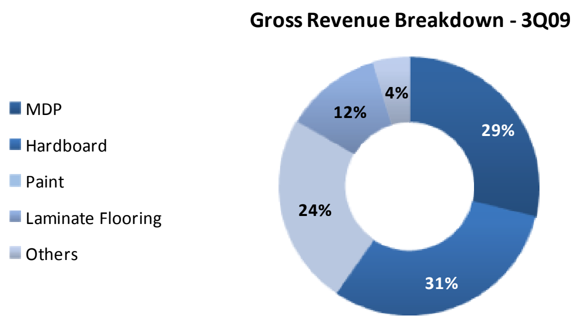
Products for the construction industry will benefit from the sector's expansion and Eucatex is taking advantage of this opportunity to launch products and strengthen its relationship with customers.

Financial Performance

Gross Revenue

Gross Revenue Breakdown (R$ MM)	*3Q10*	*3Q09*	Var. (%)	*9M10*	*9M09*	Var. (%)
Hardboard	77.6	64.6	20.2%	216.9	189.8	14.3%
MDP	69.9	60.4	15.7%	211.9	191.8	10.5%
Laminate Flooring	36.2	25.2	43.5%	91.0	60.9	49.4%
Wood Segment	*183.7*	*150.3*	*22.3%*	*519.8*	*442.5*	*17.5%*
Paint Segment	*56.6*	*50.0*	13.2%	*156.1*	*127.7*	22.3%
Others	*7.9*	*9.5*	-17.2%	*44.9*	*30.0*	49.7%
Gross Revenue	***248.2***	***209.8***	**18.3%**	***720.8***	***600.1***	**20.1%**





Gross Revenue totaled R$248.2 million in the third quarter, up 18% from 3Q09, led by revenue growth in the Laminated Flooring segment.

In the Fiberboard segment, the sales revenue growth in the year to date, which has exceeded sales volume growth in the period, demonstrates the recovery in prices, which are now practically in line with the pre-crisis levels in 2008/09.

Cost of Goods Sold (COGS)

In 3Q10, COGS increased by 6.3% from 3Q09, basically due to the higher sales volume in the period. Fixed costs also rose due to the wage increases under collective bargaining agreements and the higher maintenance costs.

Gross Income and Gross Margin

Despite the higher costs mentioned above, Gross Income in 3Q10 grew 45% from 3Q09, accompanied by gross margin expansion from 30.7% in 3Q09 to 37.7% in 3Q10.

Operating Expenses

Operating Expenses Distribution	3Q10	3Q09	Var. (%)	9M10	9M09	Var. (%)
Sales	(29.9)	(28.1)	6.5%	(85.0)	(76.9)	10.5%
General and Administration	(10.7)	(10.9)	-1.9%	(31.7)	(32.4)	-2.0%
Total Operating Expenses	**(40.6)**	**(39.0)**	**4.1%**	**(116.7)**	**(109.2)**	**6.8%**
% Net Income	***-20.4%***	***-23.2%***	**-2.8 p.p.**	***-20.1%***	***-22.6%***	**-2.5 p.p.**
Others Operating Revenues and Expenses	49.2	169.9	-71.0%	38.2	166.1	-77.0%

Selling expenses in 3Q10 increased by approximately 6.5% from the same period in 2009, basically reflecting the higher sales volume. Meanwhile, administrative expenses declined by 1.9% in the same comparison period.

Despite the nominal increase of 4.1% in relation to 3Q09, the sum of administrative and selling expenses corresponded to 20.4% of revenue in 3Q10, declining from 23.2% in 3Q09.

Other Operating Revenue and Expenses decreased by 71% from 3Q09, due to two nonrecurring items recorded under this line: the R$57.7 million pre-tax gain from the sale of the Santa Luzia Farm in 3Q10; and the R$172.3 million net impact from the recognition of the company's participation in the Refis IV tax amnesty program in 3Q09.

In addition to these impacts, in 9M10, this line registered: a) pre-operating expenses with the new T-HDF line; b) expenses from the discontinuation of the Mineral unit; c) the termination of commercial representation agreements; and d) a non-recurring increase in waste.

EBITDA and EBITDA Margin

EBITDA Reconciliation (R$ MM)	3Q10	3Q09	Var. (%)	9M10	9M09	Var. (%)
Net income (Loss)	66.1	185.0	-64%	89.0	202.0	-56%
Deferred Income and Social Distribution	14.2	(1.6)	981%	18.6	1.9	857%
Net Financial Income	3.4	(0.7)	363%	22.5	15.6	44%
Depreciation and Amortization	13.4	10.5	28%	42.9	31.7	35%
EBITDA	**97.1**	**193.2**	**-50%**	**173.1**	**251.3**	**-31%**
EBITDA Margin	**48.8%**	**114.8%**	**-65,9 p.p.**	**29.9%**	**52.1%**	**-22,1 p.p.**
RECURRING EBITDA	**39.4**	**20.9**	**89%**	**115.4**	**79.0**	**46%**
RECURRING EBITDA Margin	**19.8%**	**12.4%**	**7,5 p.p.**	**19.9%**	**16.4%**	**3,6 p.p.**

Eucatex recorded recurring EBITDA of R$39.2 million in the third quarter, an increase of 89% from 3Q09, reflecting the growth in the company's operations.

EBITDA margin expanded by 7.5 p.p. from 3Q09 to reach 20% in 3Q10.

Net Income

Net income was R$66 million in 3Q10, 64% lower than in the same period of 2009.

Debt

The Company’s debt at the close of 3Q10 corresponded to 1.1x annualized 3Q10 EBITDA, with long-term debt scheduled for repayment over the next seven years.

Debt (R$ Million)	9M10	9M09	Var. (%)
Short Term Debt	89.8	53.3	68.6%
Long Term Debt	77.3	43.4	78.3%
Gross Debt	**167.1**	**96.6**	**72.9%**
Cash and Cash Equivalents	3.5	2.5	38.8%
Net Debt	**163.6**	**94.1**	**73.8%**
% Short Term Debt	*54%*	*55%*	*-1.4 p.p.*
Net Casth (Debt)/EBITDA	**1.1**	**0.9**	**19.0%**

The 72.9% growth in nominal debt from 3Q09 was chiefly due to the investments in the new T-HDF/MDF line.

Capex

The Company's investments in 3Q10 included:

- The planting of 1,200 hectares of forest, for R$9.7 million; and
- R$ 27.6 million for the new T-HDF/MDF line and other projects.

New T-HDF/MDF Line

At the end of October, Eucatex launched production on its T-HDF line (Thin High Density Fiberboard/Medium Density Fiberboard), which was installed on the company's industrial unit in Salto, a city in the interior of São Paulo state, where it already produces hardboard and where a good part of its industrial complex is located. The project marks a milestone in the company's history, which completes 59 years next month. The T-HDF/MDF line, which is designed to produce 280,000 m³ of board per year, is expected to boost the Salto unit's production capacity from 240,000 m³/year to 520,000 m³/year. The company believes that when it reaches full capacity, the line will increase gross revenue by R$250 million and cash flow by R$80 million (based on current prices and costs). A total of R$265 million was invested in the plant.

Sustainability

Eucatex's forest sustainability, including the operations of its new T-HDF/MDF line, is assured by 45,700 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 470,000 cubic meters of standing timber 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 come to around R$170 million. This wood recycling process, in addition to aiding with costs, prevents all the material from being deposited in local landfills.

Capital Markets

Eucatex PN stock (EUCA4) listed on the São Paulo Stock Exchange (BM&FBOVESPA) ended 3Q10 quoted at R$5.59. Based on the 3Q10 closing price, Eucatex's market capitalization stood at R$516.7 million, equivalent to 3.3x annualized EBITDA and approximately 60% of book value. On July 1, 2010, Eucatex adhered to the corporate governance standards of the BM&FBOVESPA's Level 1 listing segment.

Human Resources

Personnel expenses in 3Q10 totaled R$31.5 million, of which R$14.5 million were wages, R$10.8 million were payroll charges and around R$6.2 million were spent on medical and dental plans, transport, meals, training, and occupational health and safety actions for the Company's 2,264 employees and their dependents.

Relationship with Independent Auditors

As approved by the Company's Board of Directors, Terco Grant Thornton Auditores Independentes has been responsible for providing auditing services to Eucatex since May 12, 2008.

On October 1, 2010, Terco was merged by Ernst & Young Auditores Independentes S.S., with the combined company called Ernst & Young Terco Auditores Independentes S.S. and representing a new auditor for the Company.

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 3Q10, the Eucatex Group did not contract any services from Ernst & Young Terco Auditores Independentes S.S. other than the auditing services.

About Eucatex

Eucatex S.A. Ind. e Com. (BM&FBovespa: EUCA3 and EUCA4), which will complete 59 years of operations this year, is one of Brazil's largest manufacturers of flooring, partitions, doors, MDP boards, fiberboard and paints and varnishes. With 2,264 employees, Eucatex exports to more than 37 countries and has three modern plants located in the cities of Botucatu and Salto in the inland of São Paulo state. For more information go to www.eucatex.com.br/ir.

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.

Income Statement

(R$ '000)	3Q10	3Q09	Var. (%)	9M10	9M09	Var. (%)
Gross Revenue	**248.2**	**209.8**	**18.3%**	**720.8**	**600.1**	**20.1%**
Sales taxes and Deductions	(49.3)	(41.5)	18.9%	(141.1)	(117.4)	20.2%
Net Revenues	**198.9**	**168.3**	**0.2**	**579.7**	**482.7**	**0.2**
Cost of Goods Sold	(123.8)	(116.5)	6.3%	(371.0)	(320.0)	15.9%
Gross Profit	**75.1**	**51.7**	**45.0%**	**208.7**	**162.7**	**28.3%**
Operating Expenses	37.7%	30.7%	7 p.p.	36.0%	33.7%	2.3 p.p.
Sales	(29.9)	(28.1)	6.5%	(85.0)	(76.9)	10.5%
General and Administration	(10.7)	(10.9)	-1.9%	(31.7)	(32.4)	-2.0%
Other Operational Costs	49.2	169.9	-71.0%	38.2	166.1	-77.0%
Operational (loss) Income	**8.6**	**130.9**	**93.4%**	**(78.5)**	**56.9**	**238.1%**
Operational Result	**83.7**	**182.7**	**-54.2%**	**130.1**	**219.6**	**-40.7%**
Financial (Expense) Income	(3.4)	0.7	-563.2%	(22.5)	(15.6)	-44.1%
Operational Result	**80.3**	**183.4**	**-56.2%**	**107.6**	**203.9**	**-47.2%**
Taxes	(14.2)	1.6	-981.3%	(18.6)	(1.9)	-857.1%
Net (Loss) Income	66.1	185.0	-64.3%	89.0	202.0	-55.9%
Net Margin	**33.2%**	**109.9%**	***-76.7 p.p.***	**15.4%**	**41.8%**	***-26.5 p.p.***

Balance Sheet (R$ '000)	9M10	9M09	Var. (%)
ASSETS			
Current Assets			
Cash and Equivalents	3.5	2.5	38.8%
Clients	162.3	143.9	12.8%
Inventories	87.2	76.7	13.7%
Taxes Recoverable	30.1	17.9	67.8%
Other Credits	50.7	2.9	1661.4%
Deferred Expenses	1.4	1.2	15.3%
Current Assets	**335.2**	**245.1**	**36.7%**
Long- Term Assets			
Clients	0.4	1.7	-78.1%
Available-for-sale	2.3	4.8	-52.6%
Taxes Recoverable	8.8	9.1	-3.6%
Judicial Deposits	7.7	3.3	135.1%
Other Credits	52.2	16.5	216.3%
	71.4	**35.4**	**101.7%**
Investments			
Other Investments	0.9	0.9	0.0%
Fixed Assets	1,046.5	931.5	12.3%
Intangible	0.8	1.2	-31.6%
	1,048.2	**933.6**	**12.3%**
Permanent Assets	**1,119.7**	**969.0**	**15.5%**
Total Assets	**1,454.8**	**1,214.2**	**19.8%**
LIABILITIES			
Current Liabilities			
Loans and Financing	89.8	53.3	68.6%
Accounts Payable to Suppliers	111.4	71.0	56.9%
Salaries	21.8	17.2	26.5%
Tax, Accrued Expenses and Payroll	26.4	12.3	114.1%
Tax Installments	9.6	9.9	-2.9%
Deferred Taxes	-	1.0	-100.0%
Advances from Clients	4.1	2.6	57.2%
Accounts Payable	37.1	14.6	154.9%
Current Liabilities	**300.1**	**181.9**	**65.1%**
Non- Current Liabilities			
Long-Term Liabilities			
Loans and Financings	77.3	43.4	78.3%
Tax Installments	121.7	118.0	3.1%
Deferred Taxes	21.5	20.2	6.8%
Accounts Payable	-	29.0	-100.0%
Provision for Contingencies	98.2	88.5	10.9%
Long-Term Liabilities	**318.8**	**299.1**	**6.6%**
Non Controling Stockholders	**-**	**-**	**0.0%**
Shareholder's Equity			
Capital	488.2	488.2	0.0%
Treasury Stocks	(0.8)	(0.8)	0.0%
Capital Reserve	239.7	262.8	-8.8%
Accumulated Losses	108.9	(17.0)	-741.4%
	835.9	**733.2**	**14.0%**
Total Liabilities	**1,454.8**	**1,214.2**	**19.8%**

Cash Flow (R$ 000)	9M10	9M09
Net Income before Income Tax and Social Contribution Tax	**107.6**	**203.9**
Adjustments to Reconcile Net Income and Operating Cash Flow		
Depreciation and Amortizations	42.9	32.4
Residual Value of Fixed Assets Sold	22.7	10.7
Interest, Monetary and Exchange Variations on Loans	13.7	18.3
Provision for Inventory Losses	(0.2)	1.1
Income and Social Contribution Taxes	(19.8)	(2.1)
Deferred Income and Social Contribution Taxes	1.2	0.1
Provisions/(reversal) for Tax Contingencies	(4.4)	(216.9)
Provisions/(Reversals) of Shareholder Contingencies	(22.3)	0.9
Changes in operating assets and liabilities		
Clients	(29.4)	(28.0)
Inventories	(14.4)	4.0
Recoverable taxes	(12.3)	(6.0)
Prepaid expenses	(0.9)	(0.7)
Judicial Deposits	(0.4)	2.1
Other Credits	(80.4)	18.6
Suppliers	53.2	10.3
Labor and Tax Liabilities	22.8	(1.1)
Tax Installments	1.7	40.4
Advances from Clients	(1.4)	(0.9)
Other Liabilities	22.0	1.5
Net Cash Flow from Operating Activities	**102.0**	**88.5**
Cash Flow from Investing Activities		
Increase in Fixed Assets	(150.4)	(116.6)
Net Cash Flow from Investing Activities	**(150.4)**	**(116.6)**
Cash Flow from Financing Activities		
Amortization of Loans	(56.7)	(34.0)
Inflow of Loans	101.5	53.5
Net Cash Flow from Financing Activities	**44.8**	**19.5**
Increase (Reduction) in Net Cash and Cash Equivalents	**(3.6)**	**(8.5)**
Cash and Cash Equivalents		
Beginning of period	7.0	11.0
End of period	3.5	2.5
Supplemental Information:		
Income Tax and Social Contribution Paid	(8.0)	(6.3)