eucatex

4Q17

Eucatex Group Presentation

March 22, 2018

Eucatex Group

- ✓ Founded in 1951
- ✓ Segments: Furniture, Resales, Construction and Export Markets
- ✓ Subsidiary in Atlanta, USA
- ✓ 75 eucalyptus farms, totaling 45,700 hectares
- ✓ 2,433 employees

Fiberboard	T-HDF/MDF	MDP and Laminated Flooring	Paints and Varnishes		Seedling Nursery
Salto/SP	Salto/SP	Botucatu/SP	Salto/SP	Cabo Sto. Agostinho/PE	Bofete/SP
Hardboard 240,000 m² **Panels and Doors** 4.8 million	**T-HDF/MDF** 275,000 m²	**MDP** 430,000 m² **Laminate Flooring** 12 million m²	**Paints and Varnishes** 36 million gallons	**PVA and Acrylic Paste and Acrylic Paint** 3.6 million gallons	**Seedlings** 10 million
Paint 65 million m² **Paper Printer** 48 million m²	**Lacquer and BP** 16 million m²	**Finish Foil, BP and Lacquer** 50 million m²			

Highlights

Net Revenue

- 4Q17: R$318.3 million, 11.9% higher
- 2017: R$1,205.4 million, 5.3% higher

Recurring EBITDA

- 4Q17: R$59.5 million, an increase of 27.3%
- 2017: R$212.7 million, an increase of 14.5%

Recurring EBITDA Margin

- 4Q17: 18.7%, up 2.3 p.p.
- 2017: 17.6%, up 1.4 p.p.

Recurring Net Income

- 4Q17: R$18.6 million, growth of 65.3%
- 2017: R$65.3 million, growth of 21.9%

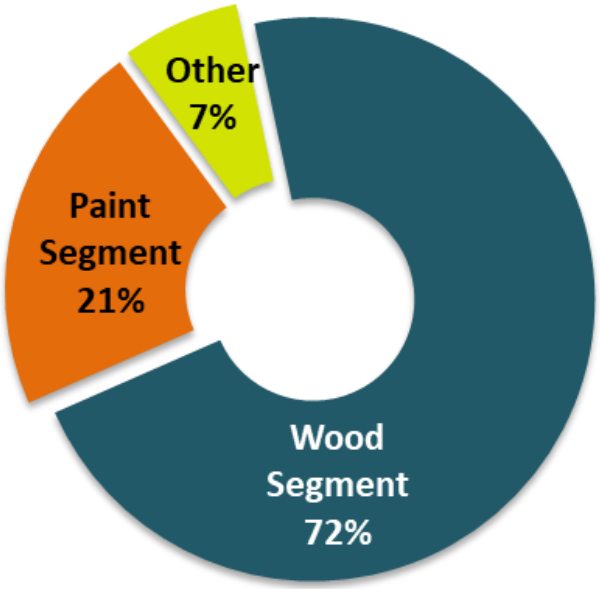
Material Fact

- Asset Swap between Eucatex and Duratex

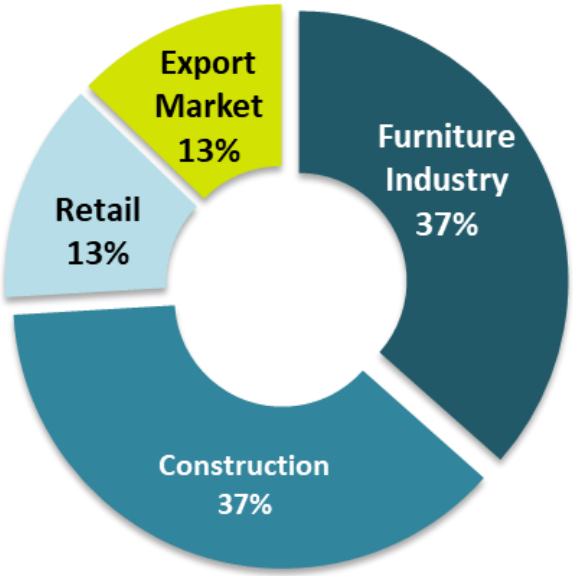
Operating Data

Net Revenue					
4Q16	**4Q17**	*Var*	2016	**2017**	*Var*
R$284.5 million	**R$318.3 million**	*11.9%*	R$1,144.4 million	**R$1,205.4 million**	*5.3%*

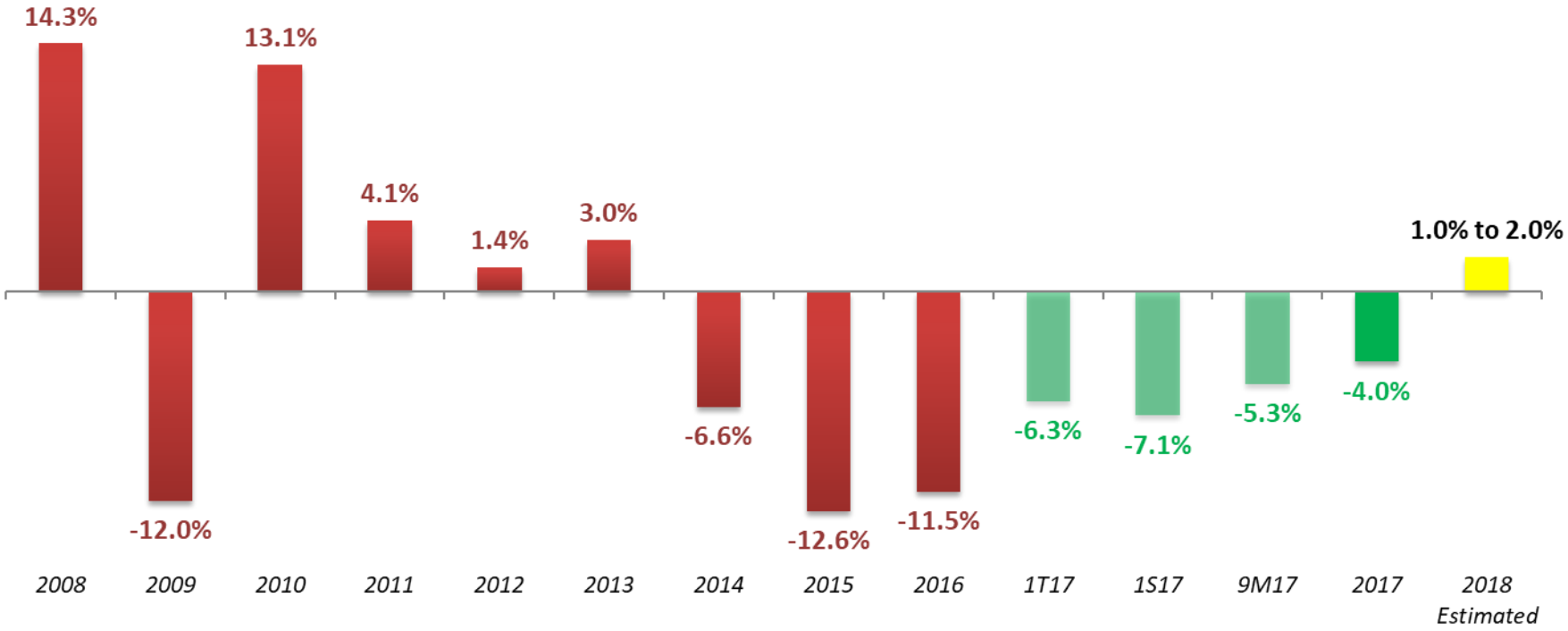
Distribution by Product - 4Q17



Distribution by Segment - 4Q17



ABRAMAT Index - Domestic Market



From 2013 to 2017, the index registered accumulated decline of 30.6%.

Source: ABRAMAT

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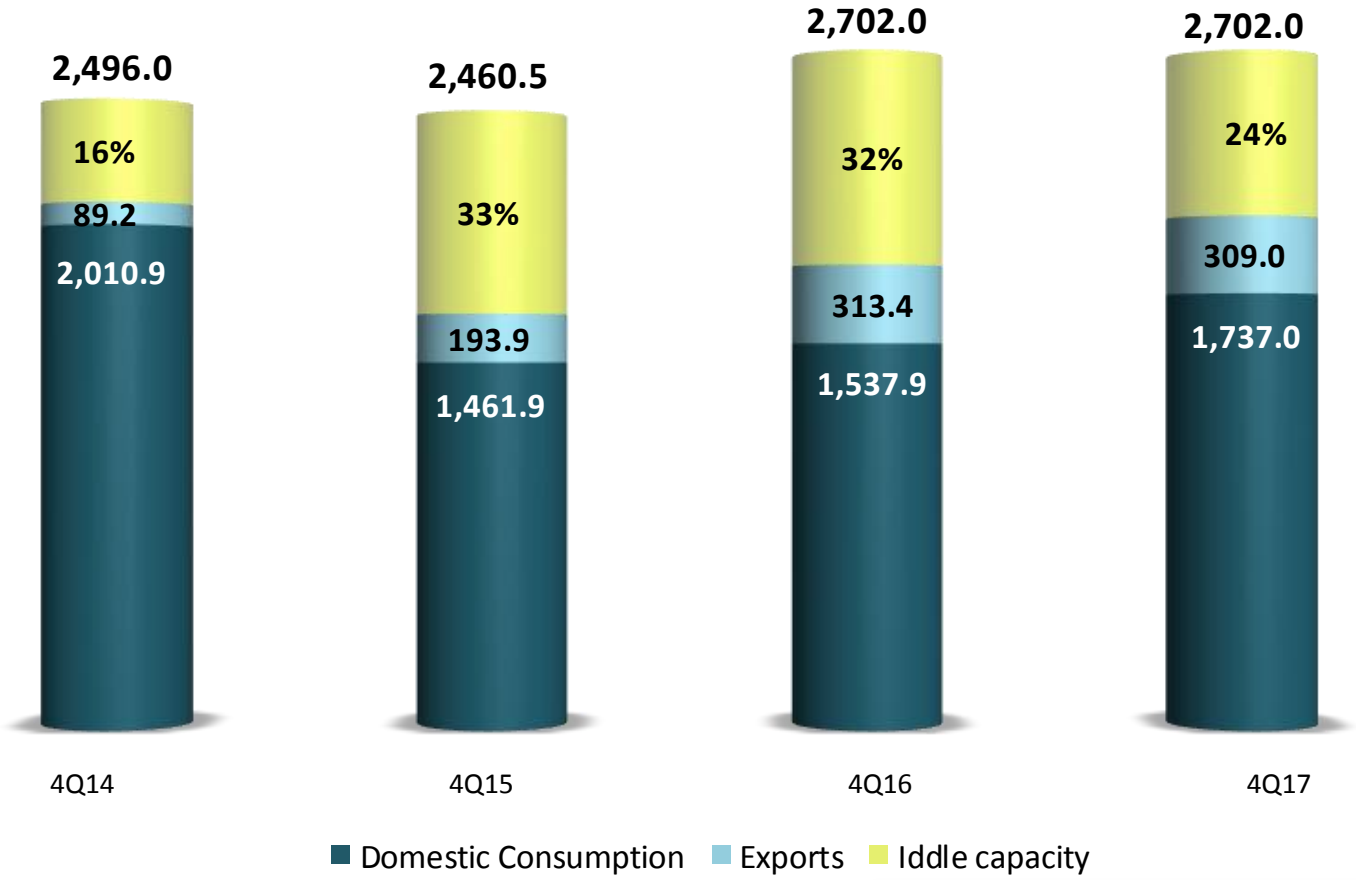
Effective Installed Capacity (Fiberboard + MDF + MDP) vs. Production



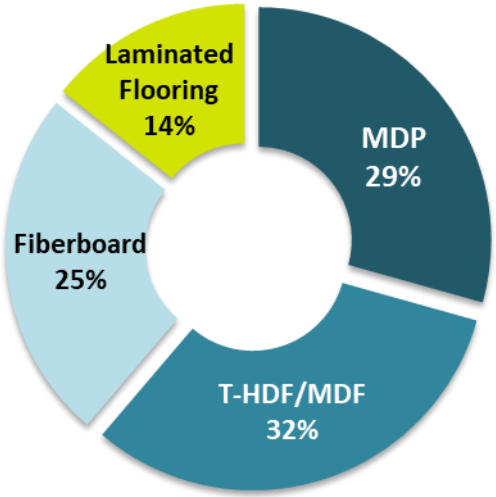
% Change 4Q16 x 4Q17				
	Fiberboard	MDP	MDF	Total
Total	-7.0%	16.2%	7.9%	10.5%
Domestic Market	-6.0%	20.6%	8.6%	12.9%
Exports	-8.6%	-8.4%	4.4%	-1.4%

*For **2018**, the start-up of 3 new lines is expected: Placas do Brasil, Floraplac and Asperbrás, as well as resumption of production at the Itapetininga Unit of Duratex. The impact on panel supply in Brazil will be an increase of **20%**, compared to the installed capacity in 2017.*

Source: Eucatex estimate

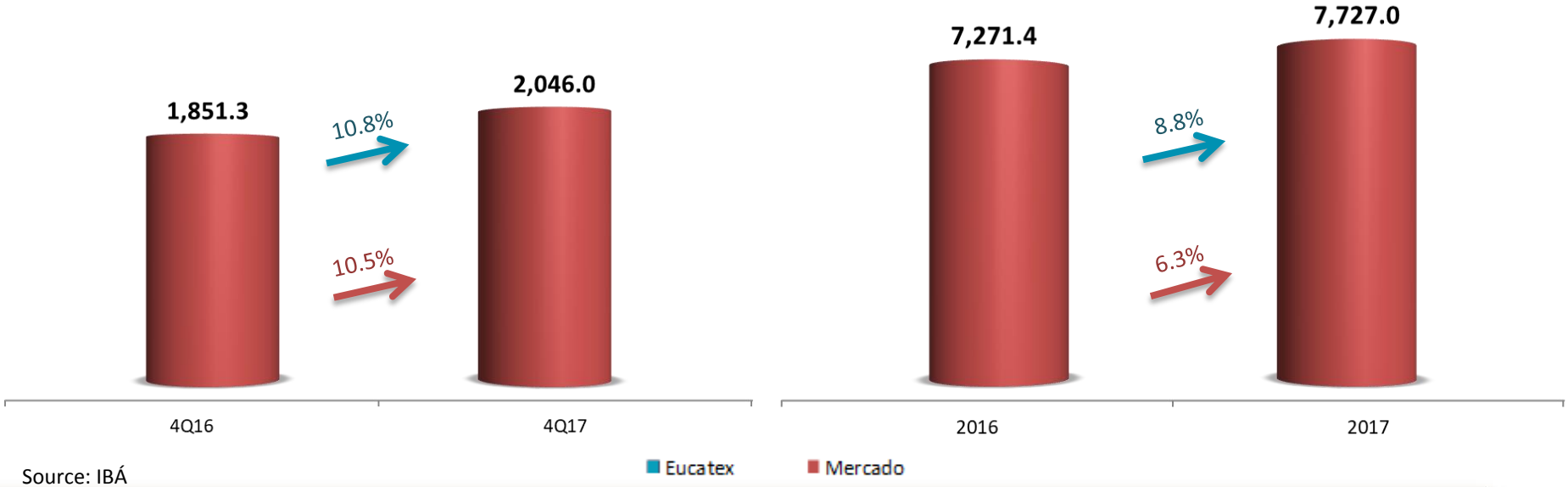
Wood Segment

Net Revenue		
4Q16	**4Q17**	*Var*
R$199.5 million	**R$228.3 million**	*15.4%*
2016	**2017**	*Var*
R$820.6 million	**R$872.5 million**	*6.3%*



Total Market ('000 m³)

Domestic + Export markets



Source: IBÁ

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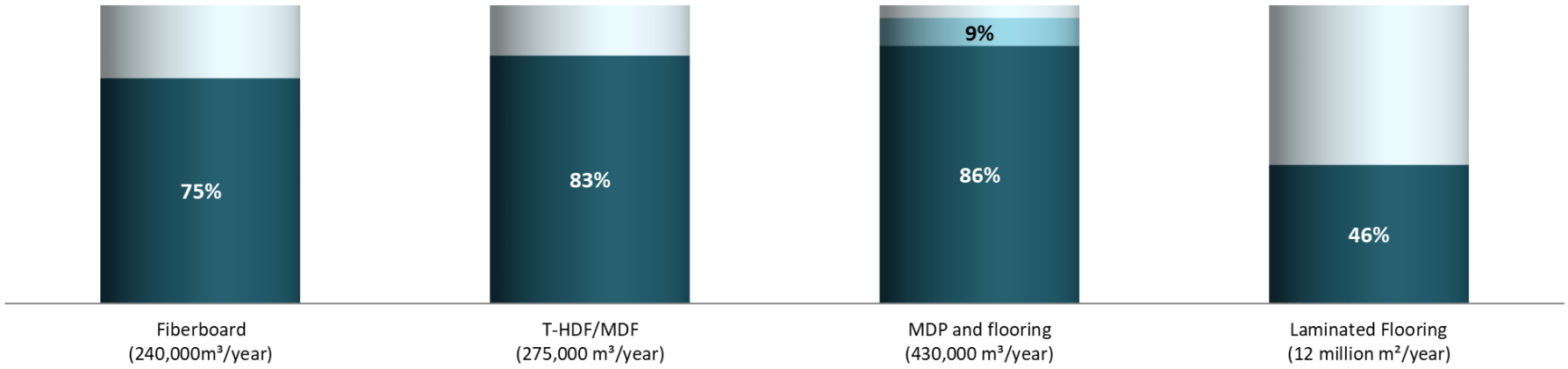
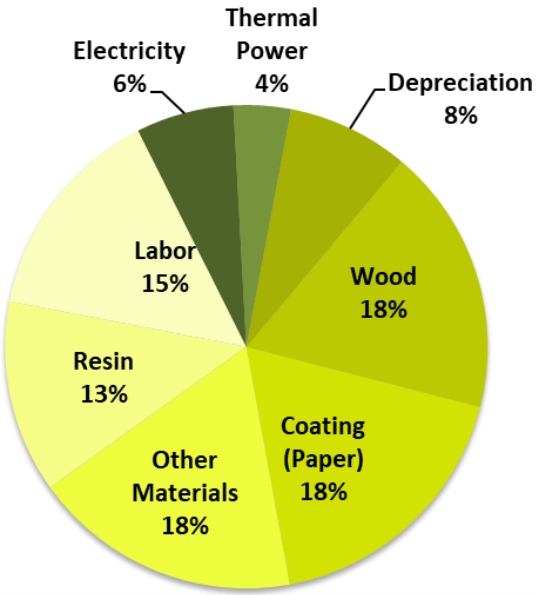
Installed Capacity Utilization - 4Q17

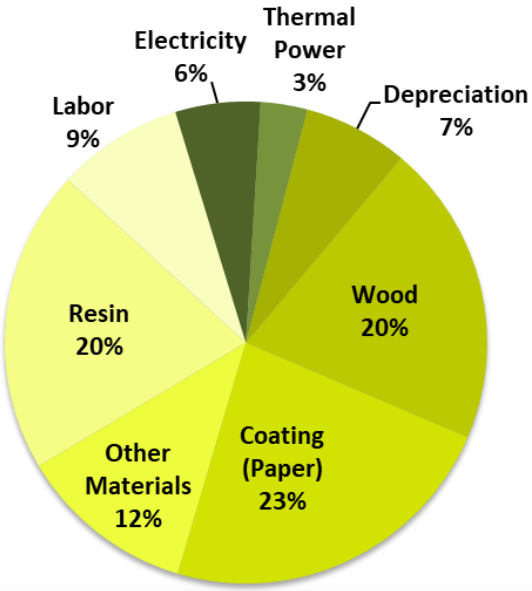


Breakdown of Costs - 4Q17

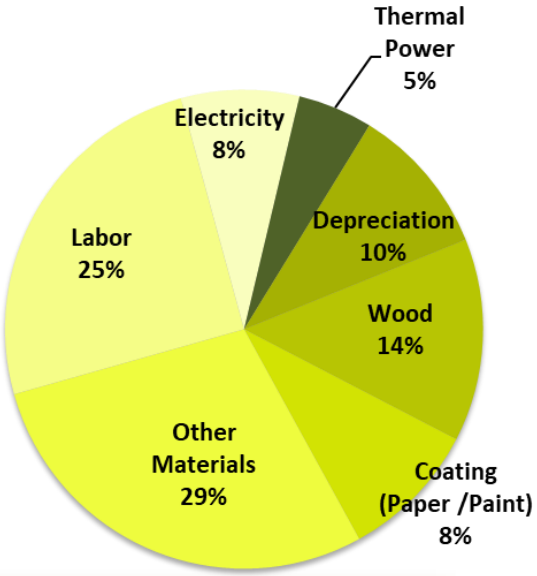
All Panels



Resin Panels



Non-Resin Panels (Fiberboard)



Paint Segment

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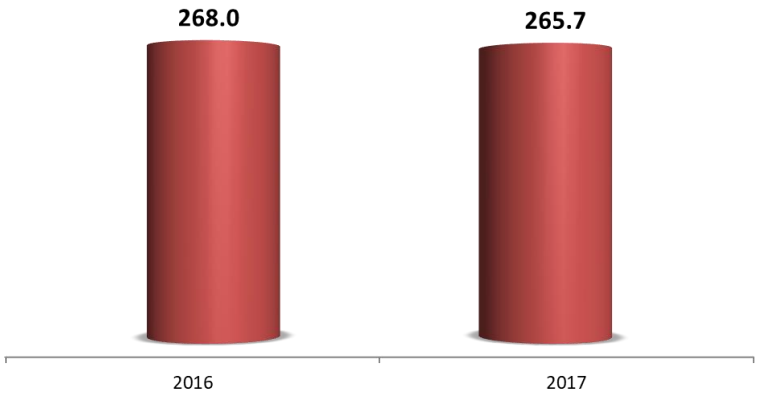
Net Revenue		
4Q16	**4Q17**	*Var*
R$68.4 million	**R$68.4 million**	*0.0%*
2016	**2017**	*Var*
R$260.0 million	**R$254.6 million**	*-2.1%*

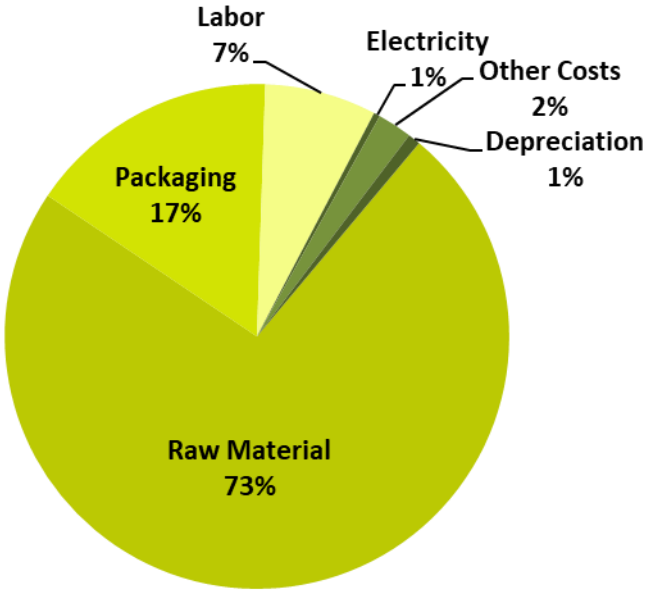
Market - million gallons



Variation	4Q17 x 4Q16	2017 x 2016
Eucatex	**-2.7%**	**-5.8%**
Market	**2.3%**	**-0.9%**

Source: Eucatex

Breakdown of Costs - 4Q17



Installed Capacity Utilization

- Total Capacity - 36 million gallons/year

Financial Data

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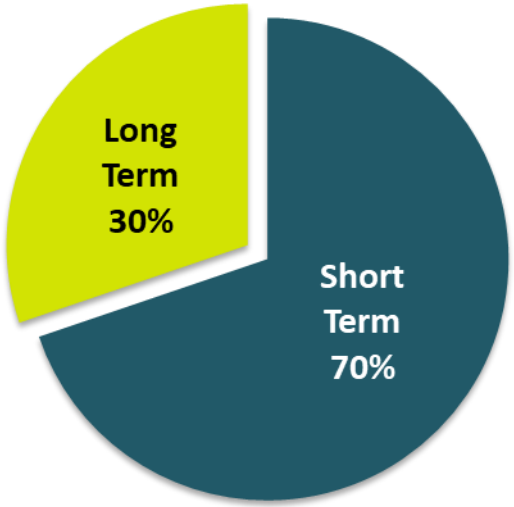
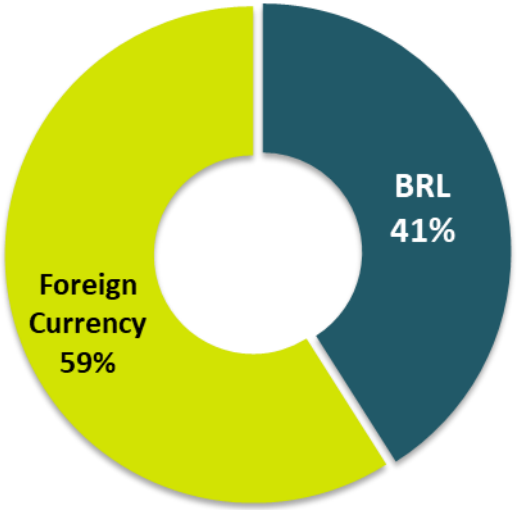
Highlights (R$ million)	4Q17	V.A. %	4Q16	V.A. %	Var. (%)	2017	V.A. %	2016	V.A. %	Var. (%)
Net Revenue	**318.3**	***100.0%***	**284.5**	***100.0%***	***11.9%***	**1,205.4**	***100.0%***	**1,144.5**	***100.0%***	***5.3%***
Fair value of biological assets	(0.6)	*-0.2%*	8.3	*2.9%*	*-107.4%*	22.5	*1.9%*	29.8	*2.6%*	*-24.6%*
Cost of products sold	(232.5)	*-73.1%*	(207.1)	*-72.8%*	*12.3%*	(893.4)	*-74.1%*	(850.9)	*-74.4%*	*5.0%*
Gross income	**85.1**		**85.7**		***-0.7%***	**334.5**		**323.4**		***3.4%***
Gross Margin (%)	***26.8%***		***30.1%***		***-3.4 p.p.***	***27.7%***		***28.3%***		***-0.5 p.p.***
Administrative expenses	(14.1)	*-4.4%*	(13.7)	*-4.8%*	*3.0%*	(56.7)	*-4.7%*	(57.1)	*-5.0%*	*-0.7%*
Selling expenses	(44.1)	*-13.8%*	(42.9)	*-15.1%*	*2.7%*	(170.6)	*-14.2%*	(168.8)	*-14.8%*	*1.1%*
Other operating income and expenses	(0.0)	*0.0%*	(0.3)	*-0.1%*	*88.8%*	(1.4)	*-0.1%*	(0.8)	*-0.1%*	*82.9%*
EBITDA adjusted by non-cash events	**43.2**	***13.6%***	**43.8**	***15.4%***	***-1.6%***	**189.4**	***15.7%***	**165.9**	***14.5%***	***14.1%***
EBITDA Margin (%)	***13.6%***		***15.4%***		***-1.8 p.p.***	***15.7%***		***14.5%***		***1.2 p.p.***
Adjusted Recurring EBITDA	**59.5**		**46.8**		***27.1%***	**212.7**		**185.9**		***14.4%***
Adjusted Recurring EBITDA Margin (%)	***18.7%***		***16.5%***		***2.2 p.p.***	***17.6%***		***16.2%***		***1.4 p.p.***
Net financial result	(19.0)	*-6.0%*	(15.2)	*-5.3%*	*-25.2%*	(51.1)	*-4.2%*	(40.1)	*-3.5%*	*-27.4%*
Non-recurring results	(16.3)	*-5.1%*	(3.0)	*-1.0%*	*-448.9%*	(23.3)	*-1.9%*	(20.0)	*-1.7%*	*-16.8%*
Income and social contribution taxes	10.7	*3.4%*	0.5	*0.2%*	*-1872.1%*	10.6	*0.9%*	(2.9)	*-0.3%*	*-462.8%*
Net Income	**2.3**	***0.7%***	**11.1**	***3.9%***	***-79.4%***	**41.9**	***3.5%***	**33.6**	***2.9%***	***24.9%***
Recurring Net Income	**18.6**	***5.9%***	**14.1**	***5.0%***	***32.1%***	**65.3**	***5.4%***	**53.6**	***4.7%***	***21.9%***

Debt

Debt (R$ Million)	*2017*	*2016*	Var. (%)
Short Term Debt	245.2	241.3	*1.6%*
Long Term Debt	106.1	114.4	*-7.2%*
Gross Debt	**351.3**	**355.7**	***-1.2%***
Cash and Cash Equivalents	20.3	23.6	*-13.8%*
Net Debt	**331.0**	**332.1**	***-0.3%***
% Short Term Debt	*70%*	*68%*	*2 p.p.*
Net Debt/EBITDA	**1.6**	**1.8**	***-14.3%***

Debt Profile





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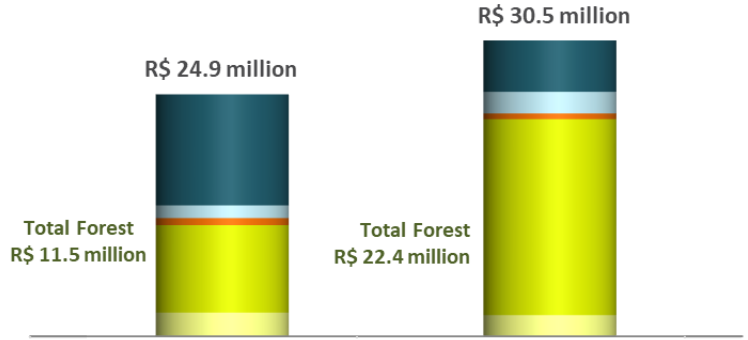
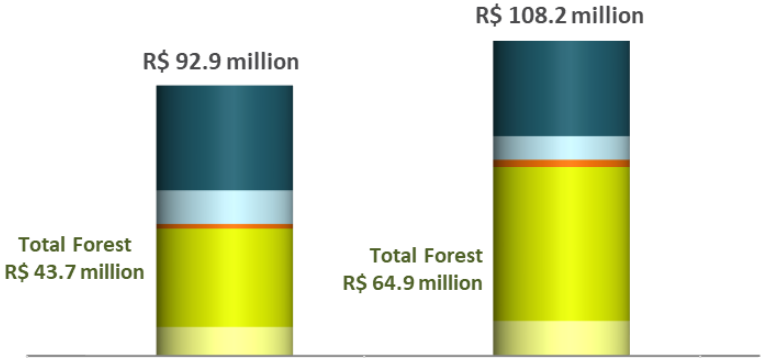
Investments Made



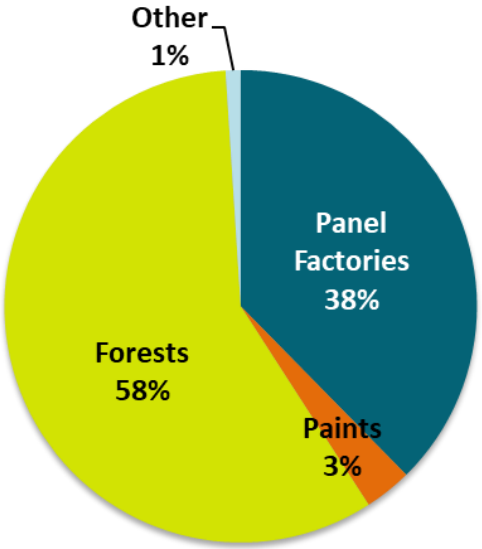
	4Q16	4Q17
Salto	11.4	5.3
Botucatu	1.3	2.2
Paints	0.7	0.6
Silviculture	9.0	20.2
Leasing	2.4	2.2



	2016	2017
Salto	36.1	32.8
Botucatu	11.5	8.1
Paints	1.6	2.5
Silviculture	33.8	52.9
Leasing	9.9	12.0

Planned for 2018

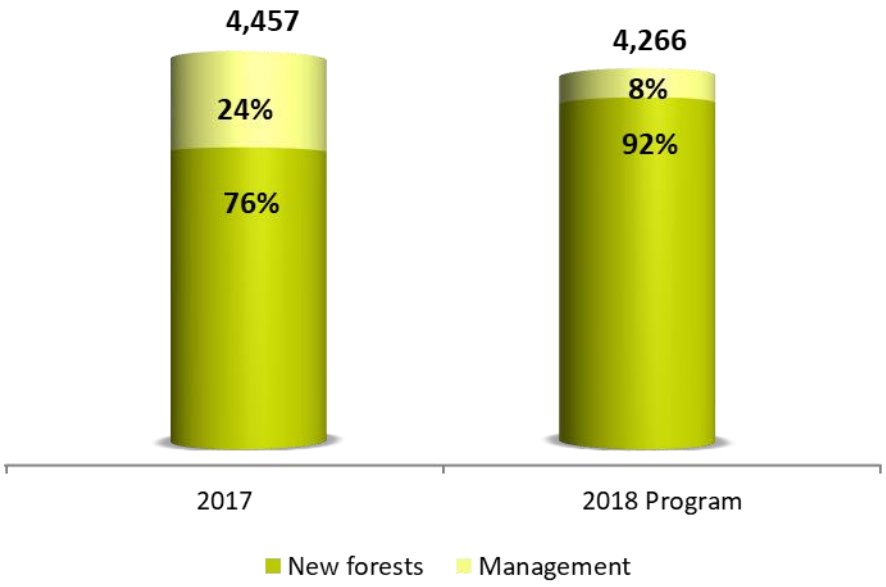
R$96 million



75 farms
for eucalyptus plantation,
totaling
45,700 hectares

Average Radius	
Salto	**Botucatu**
165 km	35 km

Newly Planted Forests and Seedling Management (ha)



EUCATEX S/A – INDÚSTRIA E COMÉRCIO, with registered office at Av. Presidente Juscelino Kubitschek, 1830 – Torre I – 11º andar – São Paulo/SP, informs the market that on January 31, 2018, it made a binding proposal, accepted by Duratex S.A., involving the exchange of assets between the companies. The transaction amount is R$60 million.

The Eucatex Group will receive from Duratex facilities and equipment for the manufacture of thin fiberboard sheets (wet process), which are located in the city of Botucatu, São Paulo, where its MDP and Laminated Flooring unit and most of it forest assets are already located.

Duratex will receive from the Eucatex Group a farm called the "Fazenda Vitoria" located in the city of Capão Bonito, São Paulo. This farm is currently situated outside the ideal supply radius of its manufacturing units located in the cities of Salto and Botucatu, in São Paulo.

Supply of wood to this new production unit will come from owned and third-party forests, including from Duratex, with which it will enter into a supply agreement for up to 7 years, which will enable the unit to operate at full capacity of 200,000m^3/year if there is demand.

Based on current legislation, the consummation of the transaction is subject to approval by Brazil's antitrust agency CADE *(Conselho Administrativo de Defesa Econômica*). While this approval is pending, the lines will remain under the management of Duratex S.A.

With the new thin fiberboard sheet unit (wet process), the Eucatex Group will serve clients in Brazil and abroad that it currently is unable to serve with its current products, further consolidating its position in an increasingly globalized market.

São Paulo, January 31, 2018.

José Antônio Goulart de Carvalho
Executive Vice President and Investor Relations Officer

The Operation

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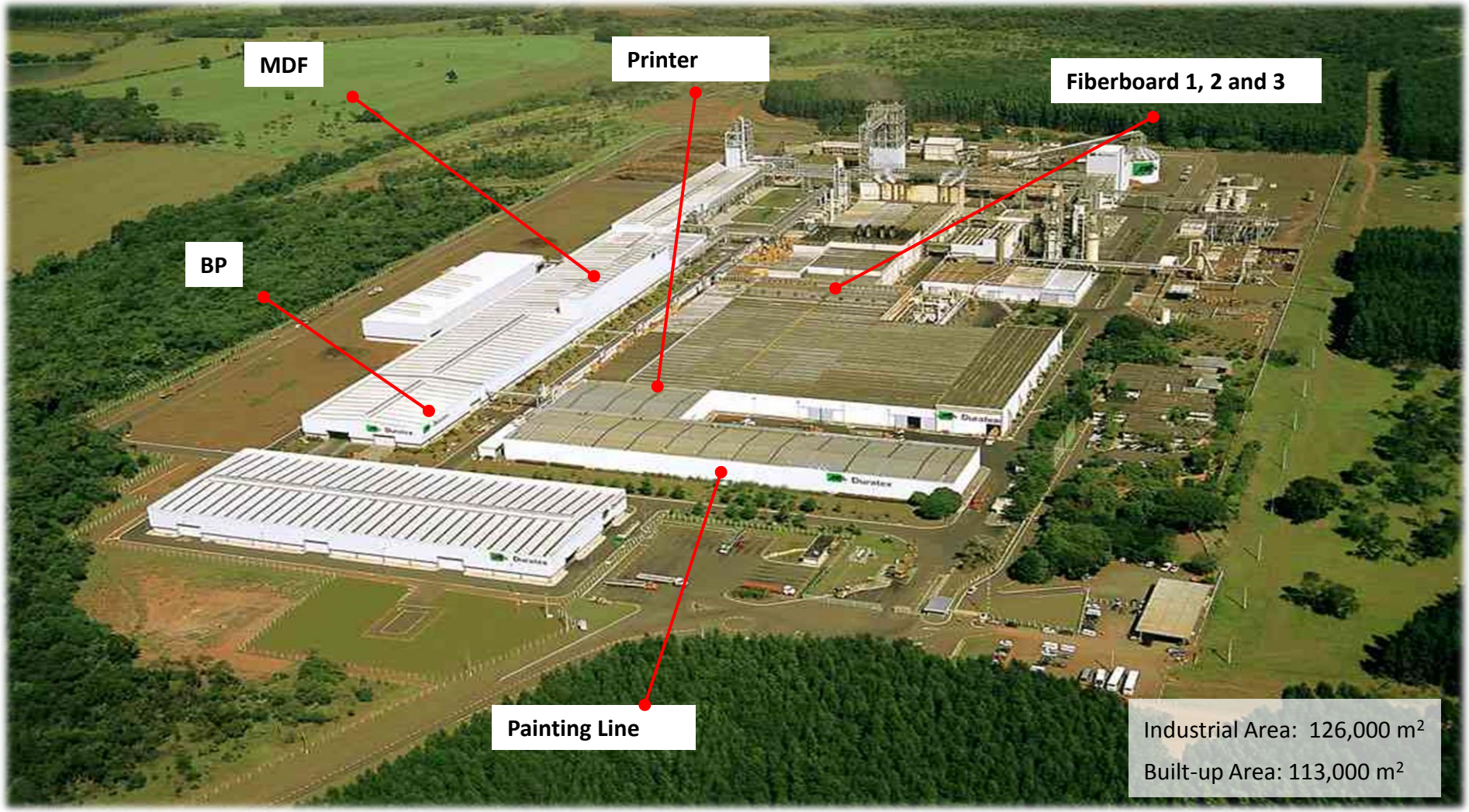
Pros

- ✓ High level of synergy
- ✓ Gain in competitiveness
- ✓ New Markets
- ✓ Preservation of jobs
- ✓ Technology for production of Fiberboard without urea formaldehyde resin.

Considerations

- ✗ Operation must be submitted to CADE for approval
- ✗ Forest supply
- ✗ Working Capital

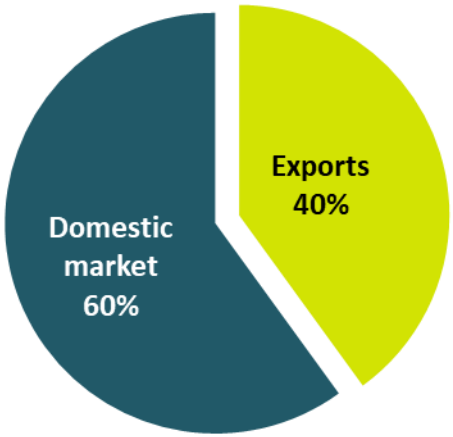
Overview of Plant



Occupancy Plan

After CADE's approval:

- ✓ 40% of production destined for Export; and
- ✓ Replacement of door and wall partition covers in HDF with Fiberboard.



Capacities	Current Eucatex	Eucatex after Transaction	Growth
Fiberboard	2 Lines – 240,000 m³ / year	5 Lines – 440,000 m³ / year	83%
Panels and Doors	4.8 million	4.8 million	-
Paints	65 million m² / year	101 million m² / year	55%
Paper Printer	48 million m² / year	96 million m² / year	100%

Timetable

02/23
Submission of Eucatex Questionnaire

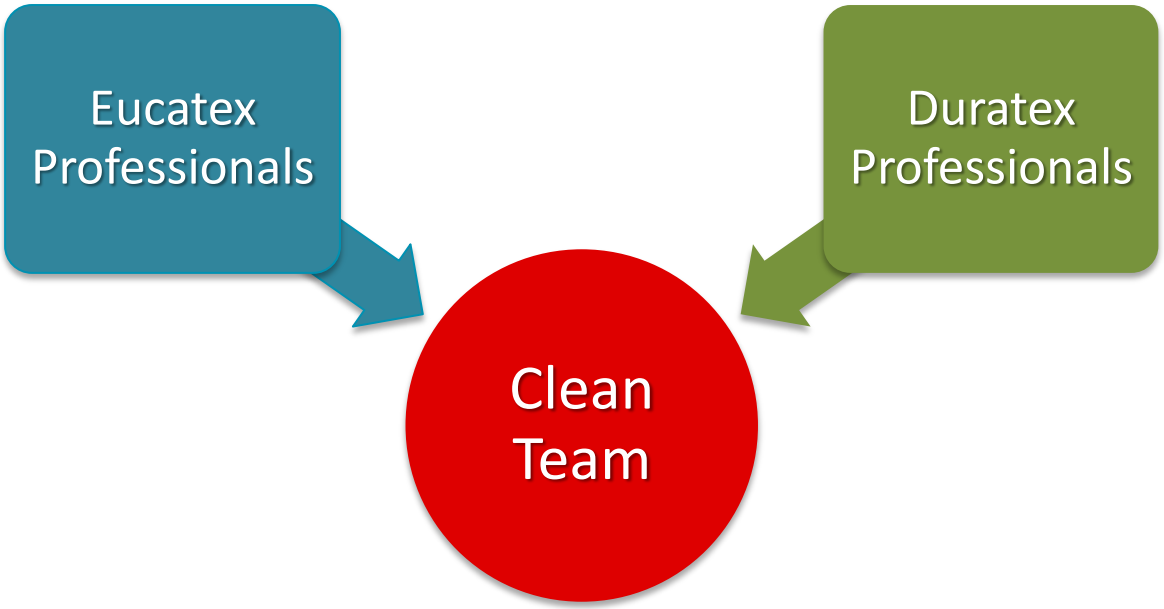
+ 1 month
Presentation of Document to CADE

+ 45 days
Creation of Clean Team

+ 3 to 4 months
CADE Approval

440,000 m³/year of Fiberboard to supply domestic and export markets

Clean Team



- ✓ Analyze the businesses of both companies and prepare the framework of the partnership and the companies after closure;
- ✓ Conduct economic efficiency studies aimed at capturing synergies and expansion opportunities; and
- ✓ Monitor normal conduct of business.

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José Antonio G. de Carvalho
Executive Vice President and IRO

Sergio Henrique Ribeiro
Controller

Waneska Bandeira
Investor Relations

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