

Eucatex announces 1Q08 results: Gross Revenue is R\$ 212.6 million (18% over 1Q07), EBITDA is R\$ 36 million (37% up), Net Income is R\$ 18.9 million (83% up) and EBITDA margin is 21%

São Paulo, May 14, 2008. Eucatex (Bovespa: EUCA3 and EUCA4), one of the largest manufacturers of hardboard and medium density particleboard (MDP) in Brazil, with operations also in the paint and varnish, laminate flooring, partitions, mineral products and agricultural substrate sectors, announces its results for the first quarter of 2008 (1Q08). The financial and operating information presented herein, except where stated otherwise, is audited and presented on a consolidated basis in Brazilian real, pursuant to Brazilian corporate legislation, and all comparisons refer to the first quarter of 2007 (1Q07).

Highlights

- » **Gross Revenue** totaled **R\$ 212.6 million** in the quarter, a **18%** growth in relation to 1Q07.
- » The revenue growth is mainly due to higher domestic sales volumes, notably the **44% growth** in **paints**, **37% growth** in **laminate flooring**, and **9% growth** in **MDP panels**.
- » **EBITDA Margin** was **21%** in the 1Q08, a 3 percentage point rise over the same period in the previous year.
- » **EBITDA** was **R\$ 36.1 million** in the 1Q08, up 37% compared to the 1Q07.
- » **Net income** was **R\$ 18.9 million** in the 1Q08, which is around **83%** higher than in the previous year.
- » **New T-HDF (Thin-High Density Fiberboard) Line project:** contracts were signed for the supply of equipment, most of which will be delivered in the last quarter of 2008. Work on the new wood yard and the installation of the T-HDF line is according to schedule.

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Conference Call 1Q08:

Portuguese: May 16, 2008
Time: 11:00 a.m. (US ET)
Phone: +55 (11) 2188 0188
Webcast: www.eucatex.com.br/ir

| 1Q08 Highlights (R\$ MM) | 1Q08 | 1Q07 | Var. (%) |
|--------------------------|-------|-------|-----------|
| Net Revenue | 174.3 | 149.6 | 16.5% |
| Gross Profit | 57.7 | 45.9 | 25.7% |
| Gross Margin (%) | 33.1% | 30.7% | +2.4 p.p. |
| EBITDA | 36.1 | 26.3 | 37.4% |
| EBITDA Margin (%) | 20.7% | 17.6% | +3.1 p.p. |
| Net Income | 18.9 | 10.3 | 82.9% |
| Net Debt | 80.9 | 97.4 | -16.9% |
| Net Debt / EBITDA (LTM) | 0.6 | 0.9 | -39.5% |



Economic Scenario

The outlook for employment, income and real estate credit, the principal drivers of the two most important segments in which the company operates, namely, construction and furniture, continues to be positive. Moreover, with the recent upgrading of Brazil to Investment Grade, foreign investment inflows will surely increase, providing further resources for the country's growth and, consequently, boosting the above-mentioned drivers even further.

Another factor that should strongly boost Eucatex's business is the expansion of real estate credit that has firmly entrenched itself in the strategy of the banks. In the year 2007, 526,000 units were financed, which is double the number of units financed in 2003. Despite these levels, the ratio of real estate credit to Brazil's GDP is approximately 3%, whereas in Chile this ratio is 17% and in Mexico, 11%.

Operating Performance

| Operating Performance | | | |
|---------------------------------------|-------------|-------------|-----------------|
| 2005 - 100 base | | | |
| Sales Volume (Domestic Market) | 1Q08 | 1Q07 | Var. (%) |
| Hardboard | 129 | 109 | 19.2% |
| Laminate Flooring | 144 | 106 | 36.6% |
| Paint | 292 | 202 | 44.4% |

Eucatex continued to record strong sales, especially in products directly related to the construction industry. Flooring and paints grew by 37% and 44%, respectively, year on year. The strategic initiatives with regard to product launches and selling policies helped the Company to sustain growth at above the market rates. There is further room for growth in both the flooring and paints segments, without investments, since the Company currently uses only 42% and 61%, respectively, of the installed production capacity.

In the domestic wood panel segment, the 14% growth includes a 9% increase in MDP and 25% increase in hardboard, with the principal growth driver being the furniture industry. The future is positive for wood panels, the basic raw material for furniture, especially that used by middle income segments.

MDP sales in the 1Q08 returned a better mix than in the 1Q07 since 95% of MDP sales were in the form of coated products, which have a higher margin, whereas last year, this number was 83%. Investments made in both the low pressure finishing (BP) segment and the finish foil (FF) products have helped the Company to boost the sales of these products.

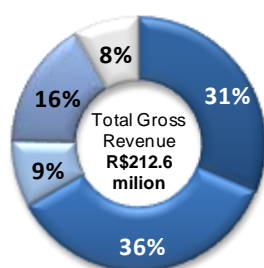
Products with low pressure finishing (BP) are used to produce furniture such as kitchen furniture, which requires higher surface resistance. Finish Foil (FF) is widely used to build dormitories. However, both BP and FF ensure the manufacturer exclusive standards and the possibility of a simpler production process.

Financial Performance

Gross Revenue

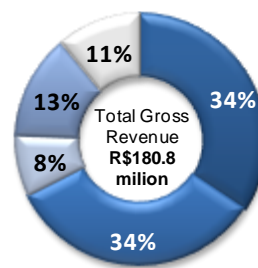
| Gross Revenue Breakdown (R\$ MM) | 1Q08 | 1Q07 | Var. (%) |
|----------------------------------|--------------|--------------|--------------|
| Hardboard* | 66.4 | 61.9 | 7.2% |
| MDP | 75.7 | 60.3 | 25.5% |
| Laminate Flooring | 18.1 | 14.5 | 25.1% |
| Wood Segment | 160.1 | 136.6 | 17.2% |
| Paint Segment | 35.0 | 24.1 | 45.2% |
| Others | 17.5 | 20.0 | -12.7% |
| Gross Revenue | 212.6 | 180.8 | 17.6% |

Gross Revenue Breakdown -
1Q08



Gross Revenue Breakdown -
1Q07

- Hardboard
- MDP
- Laminate Flooring
- Paint
- Others



Gross revenue totaled R\$ 212.6 million in the quarter, which is a 18% growth year on year, caused mainly by the higher sales volumes and prices.

The Paints division of Eucatex continues to increase its share of the revenue mix, thanks to the growth in the past two years, and accounted for 16% of the revenues in the 1Q08. In the quarter, the Paints segment posted the highest growth among all of the Company's divisions, growing by 45% in relation to the 1Q07 and amounting to R\$ 35 million.

The 25% year-on-year growth in MDP revenues is due to the 14% year-on-year growth in the sales volume and the better mix, with a higher share of finished products and higher prices.

Sales Mix based on 1Q08 forwarded volume (m³)

| | MDP | | Flooring | | Hardboard | | Total - m ³ | |
|----------|---------|---------|----------|---------|-----------|---------|------------------------|---------|
| | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 |
| Standard | 4.60% | 15.80% | 0.00% | 0.00% | 44.30% | 47.80% | 17.70% | 26.90% |
| Coated | 95.40% | 84.20% | 100.00% | 100.00% | 55.70% | 52.20% | 82.30% | 73.10% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |



Cost of Goods Sold (COGS)

The Company improved its profitability significantly in the 1Q08 in comparison with the 1Q07, as Net Revenue grew 16.5% in the period and Cost of Goods Sold (COGS) rose 12.5%. Thanks to the investments made, the Company has gained economies of scale through higher production levels and constant efforts to improve the production process, all of which have resulted in higher quality indicators and lower fixed costs. COGS in the 1Q08 was R\$ 116.5 million.

For the year 2008, investments planned in the Salto unit – construction of a new wood yard and automation of the exits I and II of the hardboard lines, should result in annual cost savings of R\$ 11.5 million. Besides, investments have been planned to raise production levels by up to 10%, which will absorb the unit's fixed costs.

Two of the main cost items, electrical energy and thermal energy, have been kept under control. In the case of electrical energy, the Company has an energy purchase contract till 2012 (including for the new T-HDF line), at competitive prices. With regard to thermal energy, the implementation of the recycling Project will provide the Company with the necessary biomass for its boilers at the same cost as wood produced in its forests without, however, having to invest in the acquisition of land and reforestation.

| Costs Composition (%) | MDP | | Hardboard | | Flooring | | Paint | |
|--------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 | 1Q08 | 1Q07 |
| Wood | 24.2% | 28.5% | 19.0% | 16.1% | 5.9% | 6.3% | - | - |
| Raw Materials - others | 25.6% | 20.3% | 30.7% | 25.5% | 63.4% | 64.9% | 90.0% | 89.1% |
| Resin | 28.4% | 24.4% | - | - | 14.6% | 9.9% | - | - |
| Labor | 5.8% | 7.0% | 21.7% | 23.9% | 7.7% | 7.5% | 7.4% | 7.9% |
| Electric Energy | 5.0% | 6.9% | 10.6% | 12.3% | 2.4% | 3.7% | 0.8% | 0.8% |
| Thermic Energy | 1.8% | 1.8% | 8.2% | 10.4% | 2.1% | 2.4% | 0.4% | 0.4% |
| Depreciation | 9.2% | 11.1% | 10.2% | 11.8% | 3.9% | 5.3% | 1.4% | 1.7% |
| Total | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% | 100.0% |

Gross Profit and Gross Margin

As a result of the above factors, sales growth and cost reduction, Gross Profit of Eucatex totaled R\$ 57.7 million in the 1Q08, a 26% increase over the R\$ 45.9 million in the 1Q07. Gross margin rose by 2.4 p.p., from 30.7% in the 1Q07 to 33.1% in the 1Q08.

Operating Expenses

| Operating Expenses Distribution (R\$ MM) | 1Q08 | 1Q07 | Var. (%) |
|--|---------------|---------------|------------------|
| Sales | (21.9) | (20.8) | 5.5% |
| General and Administration | (9.7) | (9.9) | -1.5% |
| Others Operating Revenues and Expenses | (1.0) | 0.8 | n.m. |
| Total Operating Expenses | (32.7) | (29.9) | 9.4% |
| % Net Revenue | 18.8% | 20.0% | -1.2 p.p. |

Selling, general and administrative expenses, which represented 20.0% of net revenue in the 1Q07, fell to 18.8% in the 1Q08. The nominal increase in expenses in relation to the 1Q07 is mainly due to the increase in the variable selling expenses, which rose in proportion to the revenue growth.

EBITDA and EBITDA Margin

| EBITDA Reconciliation (R\$ MM) | 1Q08 | 1Q07 | Var. (%) |
|---|--------------|--------------|------------------|
| Net income (Loss) | 18.9 | 10.3 | 82.9% |
| Deferred Income and Social Distribution Taxes | 6.2 | - | n.m. |
| Non Operational Results | (7.5) | 0.1 | n.m. |
| Net Financial Income | 7.4 | 5.5 | 34.1% |
| Depreciation and Amortization | 11.1 | 10.3 | 7.8% |
| EBITDA | 36.1 | 26.3 | 37.4% |
| EBITDA Margin | 20.7% | 17.6% | +3,1 p.p. |

Eucatex witnessed yet another quarter in which operating results grew, with EBITDA amounting to R\$36.1 million in the 1Q08, a 37.4% growth over the R\$ 26.3 million in the 1Q07, thanks to better operational management and a more favorable scenario in the markets in which the Company operates - construction and furniture.

EBITDA margin rose from 17.6% in the 1Q07 to 20.7% in the 1Q08, an increase of 3.1 percentage points.

Net Income

Net income amounted to R\$18.9 million in the 1Q08, as against R\$10.3 million in the 1Q07, a huge 83% growth.



Debt

The Company's debt at the end of the 1Q08 was less than 0.6x annual EBITDA. Long-term debt will be repaid in the next 9 years.

| Debt (R\$ MM) | 1Q08 | 1Q07 | Var. (%) |
|---------------------------|-------------|--------------|---------------|
| Short Term Debt | 14.5 | 26.2 | -44.7% |
| Long Term Debt | 68.1 | 78.8 | -13.6% |
| Gross Debt | 82.6 | 105.0 | -21.3% |
| Cash and Cash Equivalents | 1.6 | 7.5 | -78.4% |
| Net Debt | 80.9 | 97.4 | -16.9% |
| % Short Term Debt | 18% | 25% | - 7 p.p. |
| Net Cash (Debt)/EBITDA | 0.6 | 0.9 | -39.5% |

The judicial recovery plan approved last year envisages a 40% reduction in the Company's long-term debt, provided that all the amortization payments are made according to schedule, and the 28 quarterly installments are paid after a grace period for the principal and three-year interest, starting from October 2007.

CAPEX

Notable among the 1Q08 investments are:

- » Commencement of investments in the new T-HDF line and the new wood yard;
- » Expansion of the capacity at the Salto unit, in 10% over last year;
- » Automation of exits I and II of the fiberboard presses at the Salto unit, start-up of the new wood yard, enabling R\$ 11.5 million annual savings in the unit's production costs; and
- » Reforestation of 1,000 hectares.

Sustainability

Eucatex Forest sustainability, including the new T-HDF line project, is guaranteed by 40,000 hectares of forests, with approximately 30,000 hectares under cultivation, all located in São Paulo State. It has also invested towards increasing this volume to guarantee the development of new projects.

Eucatex is widely recognized for its sustainable development initiatives. It was the first in the industry to obtain the ISO 9001:2000 certification. It also has the ISSO 14001 and Green Seal given by the Forest Stewardship Council (FSC), which certifies that its forests are managed according to rigorous environmental, social and economic standards.

The Company was the first in South America to implement a wood recycling line at industrial scale. Thanks to the latest generation equipment, all the material acquired within a 150



kilometer radius of the Salto unit is used as input in the production of boards and also as biomass fuel for its boilers. When the line reaches its total processing capacity of 20,000 tonnes per month, which would be destined to the land waste sites of cities, the Company will save the equivalent of R\$ 20 million per annum from land acquisition alone. Thus, in addition to being environmentally correct, the project is also economically feasible.

Capital Markets

Eucatex's PN shares (EUCA4) listed on the São Paulo Stock Exchange (BOVESPA) were traded at R\$ 5.84 at the end of the 1Q08. The market value, considering the share price at the end of the quarter, was R\$ 412 million, representing 2.7x of annualized EBITDA.

Human Resources

Personnel expenses in 1Q08 totaled R\$ 24 million, of which R\$12 million are wages, R\$ 8 million are payroll overheads and around R\$ 4.0 million were spent on medical and dental plans, transport, meals, training, and occupational health and safety for the Company's 2,308 employees and their dependents.

The Company was among the 50 companies that best exemplified Corporate Citizenship in 2008, according to the magazine *Gestão RH Especial*.

Relationship with Independent Auditors

In compliance with CVM Instruction 381 of January 14, 2003 and Official Letter CVM/SEP/SNC 02/2003 of March 20, Eucatex and its subsidiaries hereby inform that they did not hire any services not related to external audit of their financial statements, nor paid fees, to their auditors in the fiscal year ended on March 31, 2008.

On May 12, 2008, the Board of Directors of Eucatex approved the replacement of the audit firm Boucinhas & Campos e Soteconti Auditores Independentes S/C by Terco Grant Thornton Auditores, in compliance with article 13 of CVM Instruction 308/99, which stipulates that an independent auditor cannot provide audit services to the same client for more than five consecutive years.



About Eucatex

Eucatex S.A. (Bovespa: EUCA3 and EUCA4) is one of Brazil's largest manufacturers of flooring, partitions, ceilings, roof tiles, MDP, hardboard, agricultural substrate, mineral products, paints and varnishes. In 2007, Eucatex completed 56 years of operations. With 2,308 employees, the Company exports to more than 30 countries and has four modern plants located in Botucatu, Salto and Paulínia in São Paulo state, and is now poised to begin a new cycle of strong growth. For more information please visit the website 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. Such forward-looking statements substantially depend on changes in market conditions, competitive pressures, the performance of the Brazilian and international economies and the industry, among other factors and risks disclosed in Eucatex's disclosure documents and are, therefore, subject to change without prior notice.

Income Statements

| Income Statemet (R\$ MM) | 1Q08 | 1Q07 | Var % |
|----------------------------------|---------------|---------------|-------------------|
| Gross Revenue | 212.6 | 180.8 | 17.6% |
| Sales taxes and Deductions | (38.3) | (31.2) | 22.8% |
| Net Revenues | 174.29 | 149.55 | 16.5% |
| Cost of Goods Sold | (116.5) | (103.6) | 12.5% |
| Gross Profit | 57.7 | 45.9 | 25.7% |
| Operating Expenses | | | |
| Sales | (21.9) | (20.8) | 5.5% |
| General and Administration | (9.7) | (9.9) | -1.9% |
| Other Operational Costs | (1.0) | 0.8 | n.m. |
| Operational (loss) Income | (32.7) | (29.9) | 9.4% |
| Operational Result | 25.0 | 16.0 | 56.5% |
| Financial (Expense) Income | (7.4) | (5.5) | 34.1% |
| Non Operating Income | 7.5 | (0.1) | n.m. |
| Taxes | (6.2) | - | n.m. |
| Net (Loss) Income | 18.9 | 10.3 | 82.9% |
| Net Margin | 10.8% | 6.9% | + 3.9 p.p. |

Balance Sheet

| Balance Sheet (R\$MM) | 1Q08 | 1Q07 | Var. (%) |
|--|----------------|--------------|---------------|
| ASSETS | | | |
| Cash and Cash Equivalents | 1.6 | 7.5 | -78.4% |
| Credits | 117.5 | 116.2 | 1.1% |
| Inventory | 74.2 | 68.5 | 8.4% |
| Others | 56.9 | 52.1 | 9.1% |
| Non- Current Assets | 250.3 | 244.4 | 2.4% |
| Long- Term Assets | 33.3 | 29.9 | 11.1% |
| Investments | 0.9 | 0.9 | 0.0% |
| Property, Plant and Equipment | 770.0 | 716.7 | 7.4% |
| Deferred Income | 5.4 | 7.6 | -28.8% |
| Permanent Assets | 776.3 | 725.2 | 7.0% |
| Total Assets | 1,059.8 | 999.5 | 6.0% |
| LIABILITIES | | | |
| Loans and Financing | 14.5 | 26.2 | -44.7% |
| Convertible Debt | - | 0.2 | -100.0% |
| Accounts Payable to Suppliers | 42.2 | 79.6 | -47.0% |
| Tax, Accrued Expenses and Payroll | 17.8 | 7.9 | 124.7% |
| Salaries | 11.8 | 12.0 | -1.0% |
| Provision for Contingencies and Others | 16.9 | 14.6 | 15.3% |
| Current Liabilities | 103.2 | 140.5 | -26.5% |
| Other Loans and Financing | 68.1 | 78.8 | -13.6% |
| Income Payable | 309.0 | 363.4 | -15.0% |
| Debt Amortization (PAEX) | 85.5 | - | n.m. |
| Non- Current Liabilities | 462.5 | 442.0 | 4.6% |
| Capital | 488.2 | 487.4 | 0.2% |
| Capital Reserve | 284.6 | 290.0 | -1.9% |
| Accumulated Losses | (279.0) | (360.7) | -22.7% |
| Shareholder's Equity | 493.8 | 416.7 | 18.5% |
| Non Controlling Stockholders | 0.3 | 0.3 | 0.0% |
| Total Liabilities | 1,059.8 | 999.5 | 6.0% |