



---

**3Q18**

Earnings  
Release

---



## 3Q18 Earnings Release

Eucatex (B3: EUCA3 and EUCA4), one of the largest manufacturers of panels in Brazil, with operations also in the paint and varnish, laminated flooring, partitions and doors segments, announces today its results for the third quarter of 2018 (3Q18). The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS). Except where stated otherwise, the amounts are in millions of Brazilian real (R\$ million) and comparisons are with the same period the previous year.

### **Conference Call**

*(Portuguese only)*

November 8, 2018  
11 a.m. (Brasília) / 8 a.m. (US EDT)

### **Dial-in**

+55 11 2188-0155  
+55 11 2188-0400 (Replay)

### **Webcast**

[www.eucatex.com.br/ri](http://www.eucatex.com.br/ri)

*After the conference call, the transcript  
will be available in English*

---

### **IR CONTACTS**

**José Antonio Goulart de Carvalho**  
**Executive Vice-President and**  
**Investor Relations Officer**

Waneska Bandeira  
Investor Relations

+55 11 3049-2473  
[ri@eucatex.com.br](mailto:ri@eucatex.com.br)  
[www.eucatex.com.br/ri](http://www.eucatex.com.br/ri)

---

## Highlights

### 3Q18

**Net Revenue of R\$ 321.2 million (+2.4%)**

**Recurring EBITDA of R\$ 61.6 million (+10.9%), with Margin of 19.2%**

**Recurring Net Income of R\$ 9.4 million (-72.2%)**

**Material Fact - Asset Swap between Eucatex and Duratex - Concluded! Production has started**

### 9M18

**Net Revenue of R\$ 927.0 million (+4.5%)**

**Recurring EBITDA of R\$ 167.5 million (+9.3%), with Margin of 18.1%**

**Recurring Net Income of R\$ 9.1 million (-80.5%)**

Amounts in R\$ million	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Net Revenue	321.2	313.7	2.4%	927.0	887.1	4.5%
Gross Income	91.5	93.5	-2.2%	245.0	249.3	-1.7%
Gross Margin (%)	28.5%	29.8%	-1.2 p.p.	26.4%	28.1%	-1.8 p.p.
EBITDA adjusted by non-cash events	55.0	52.0	5.8%	151.3	146.2	3.5%
EBITDA Margin (%)	17.1%	16.6%	0.6 p.p.	16.3%	16.5%	-0.1 p.p.
Net Income (Loss)	2.8	30.2	-90.8%	(7.1)	39.7	-118.0%
<b>Recurring Net Income (Loss)</b>	<b>9.4</b>	<b>33.8</b>	<b>-72.2%</b>	<b>9.1</b>	<b>46.7</b>	<b>-80.5%</b>
Net Debt	373.0	332.5	12.2%	373.0	332.5	12.2%
Net Debt / EBITDA (LTM)	1.6	1.5	9.8%	1.6	1.6	1.0%
<b>Recurring Adjusted EBITDA</b>	<b>61.6</b>	<b>55.5</b>	<b>10.9%</b>	<b>167.5</b>	<b>153.2</b>	<b>9.3%</b>
<b>Recurring Adjusted EBITDA Margin (%)</b>	<b>19.2%</b>	<b>17.7%</b>	<b>1.5 p.p.</b>	<b>18.1%</b>	<b>17.3%</b>	<b>0.8 p.p.</b>

## Management Comments

Despite the scenario of political and economic uncertainty, the third quarter of 2018 saw the improvement of the key indicators impacting the Company's businesses. Inflation remained within the target range, despite the increase to 3.34% by the end of the first nine months of the year. Consumer confidence grew 4.9% in October 2018. Industry confidence, on the other hand, is yet to see any improvement and declined another 2.1% in the period. The basic interest rate was maintained at 6.5% p.a., supporting a continuously favorable economic scenario.

Average real income increased slightly, while credit was still offered at attractive costs, with increased lending to individuals. The unemployment rate continued to improve and ended 3Q18 at 11.9%. The stability in debt servicing percentage and low household debt levels both favor new borrowings.

The ABRAMAT Index of the Brazilian Construction Materials Industry Association, which measures the performance of construction material industries, rose 1.2% in 9M18, which could have been more significant, if not for the strike that affected cargo freights and for the impact on prices of higher costs, following the appreciation of the U.S. dollar. The expectation is that Index will close 2018 gaining around 1.5%. Meanwhile, indicators for the panels market improved compared to previous quarters.

After the definition of the political scenario, whose uncertainties had impacted the economy in the first nine months of 2018, the Company believes in a gradual recovery of economic activity, which will depend greatly on the support given by the new members of Congress to approve unpopular reforms, including the Social Security reform. In view of this scenario, the Company has prepared itself over the past few years, through several actions to boost sales in the domestic and export market, cut expenses and improve its processes, aiming to generate improved results.

In October 2018, the Company concluded the asset swap with Duratex, which increased its Fiberboard capacity. The operation includes three production lines, two of which started operating in early-October, while the third started to operate later that month, which will certainly contribute to sales as early as in 4Q18.

Aiming to strengthen the Company's working capital and improve its debt profile, the Management, after approval of the Board of Directors, is assessing the issue of simple, non-convertible debentures, with security interest and additional personal guarantee, in a single series, for public distribution with limited efforts, in an amount ranging from R\$50 million to R\$120 million, depending on market conditions. The debentures will mature in four years and will be guaranteed by the Company's forest assets. An Extraordinary Shareholders Meeting has been called for November 22, 2018 to consider and approve the issue.

## Operating Performance and Results

Sales volume in the Company's Wood segment, considering both domestic and export markets, fell by 5.3% and 5.4% in 3Q18 and 9M18, respectively, compared to the same periods a year ago, affected by the sales performance in the domestic market, down 12.1%, which were partially offset by the 34.0% growth in exports. The decline in sales results from lower inventories compared to the same period in 2017, as a result of the truck drivers' strike in May 2018, which shut down production of MDP and T-HDF/MDF for over 8 days, and to the 18-day shutdown for maintenance and improvement of the T-HDF/MDF line.

According to the Brazilian Tree Industry (IBÁ), the Total Panels Market expanded by 10.4% in 3Q18, with higher volumes of MDF (+6.5%), MDP (+16.4%) and Fiberboard (+80%); and in 9M18, the market grew 5.5% - with increases in sales volumes of MDF (+3.2%) and MDP (+9.7%), and a decline in Fiberboard (-3.1%). The higher sales volume in 3Q18 helped reduce the idleness in the industry.

The Company's export volume in the segment grew 34.0% in the quarter. In addition to the strategy to increase Exports, the Company was able to increase sales in the spot market, especially for MDP, benefiting from the favorable exchange rate.

Sales in the Paints segment grew 6.1% and 0.9% in 3Q18 and 9M18, respectively, compared to the same periods in 2017. According to the Brazilian Paint Manufacturers Association (ABRAFATI), the market grew by 0.7% in 3Q18 and contracted by 0.8% in 9M18.

Operating Performance  
base 100 - 2005

Physical Sales	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Wood Panels (DM)	144	163	-12.1%	138	151	-8.4%
Wood Panels (EM)	236	176	34.0%	168	150	12.5%
Paints	311	331	-6.1%	336	333	0.9%

DM - Domestic Market / EM - Export Market

## Net Revenue

Net Revenue Breakdown (R\$ million)	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Wood Segment	244.2	223.2	9.4%	686.4	644.1	6.6%
Paint Segment	73.7	69.7	5.8%	198.4	186.2	6.6%
Other	3.3	20.8	-84.1%	42.2	56.7	-25.7%
<b>Net Revenue</b>	<b>321.2</b>	<b>313.7</b>	<b>2.4%</b>	<b>927.0</b>	<b>887.1</b>	<b>4.5%</b>

Net revenue amounted to R\$321.2 million, compared to R\$313.7 million in 3Q17, for growth of 2.4%. In the Wood Segment, revenue grew 9.4% in 3Q18 and 6.6% in 9M18, due to price increases and higher export volumes. Net Revenue in the Paint segment increased 5.8% in 3Q18 compared to the same period in 2017, reflecting the 12.7% increase in prices.

## Cost of Goods Sold (COGS)

COGS decreased 1.0% in 3Q18 compared to 3Q17. The reduction in the cost of goods sold is associated with the lower volume of shipments, since input costs remained under pressure by the higher prices of commodities and oil products, and by the stronger U.S. dollar in the period.

## Gross Income & Gross Margin

Gross Income amounted to R\$91.5 million in 3Q18, compared to R\$93.5 million in 3Q17, down 2.2%, mainly due to the variation in the fair value of biological assets. Gross Margin in the quarter stood at 28.5%, contracting 1.2 p.p. compared to 3Q17. In the nine-month period, Gross Income and Gross Margin decreased 1.7% and 1.8 p.p., respectively, compared to 9M17, to R\$245.0 million and 26.4%.

## Operating Expenses

Breakdown of Expenses (R\$ million)	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
General and Administrative	(14.3)	(13.9)	2.9%	(42.6)	(42.5)	0.3%
Selling	(49.3)	(43.9)	12.3%	(130.6)	(126.5)	3.2%
<b>Total Operating Expenses</b>	<b>(63.6)</b>	<b>(57.8)</b>	<b>10.1%</b>	<b>(173.2)</b>	<b>(169.1)</b>	<b>2.5%</b>
<b>% Net Revenue</b>	<b>19.8%</b>	<b>18.4%</b>	<b>1.4 p.p.</b>	<b>18.7%</b>	<b>19.1%</b>	<b>0.4 p.p.</b>
Other Operating Income and Expenses	3.4	(0.4)	-934.2%	2.2	(1.4)	-262.3%

Operating expenses corresponded to 19.8% of Net Revenue in the period, up 1.4 p.p. from the same period a year ago, explained by the increase in exports, which have higher distribution costs, and by the increased freight cost in the Domestic Market in the aftermath of the truck drivers' strike.

In 9M18, total expenses increased 2.5% compared to 9M17, and increased 0.4 p.p. as a ratio of Net Revenue.

## EBITDA & EBITDA Margin

As a result of the above, Recurring EBITDA totaled R\$61.6 million, up 10.9% from 3Q17. Recurring EBITDA Margin reached 19.2%, compared to 17.7% in the same period last year.

In 9M18, Recurring EBITDA amounted to R\$167.5 million, increasing 9.3% compared to 9M17, accompanied by Recurring EBITDA Margin of 18.1% (+0.8 p.p.).

EBITDA Reconciliation (R\$ million)	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
Net Income (Loss)	2.8	30.2	-90.8%	(7.1)	39.7	-118.0%
Income and Social Contribution Taxes	3.0	(0.4)	847.9%	(0.7)	0.1	-1256.3%
Net Financial Income (Loss)	18.9	1.9	894.6%	65.6	32.2	103.9%
<b>EBIT</b>	<b>24.7</b>	<b>31.7</b>	<b>-22.2%</b>	<b>57.7</b>	<b>71.9</b>	<b>-19.7%</b>
Depreciation and Amortization	31.3	33.0	-5.2%	94.6	97.4	-2.9%
<b>EBITDA under CVM instr. 527/12</b>	<b>56.0</b>	<b>64.7</b>	<b>-13.5%</b>	<b>152.3</b>	<b>169.3</b>	<b>-10.0%</b>
<b>EBITDA Margin</b>	<b>17.4%</b>	<b>20.6%</b>	<b>-3.2 p.p.</b>	<b>16.4%</b>	<b>19.1%</b>	<b>-2.8 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(1.0)	(12.8)	-92.2%	(1.1)	(23.1)	-95.3%
<b>EBITDA adjusted by non-cash events</b>	<b>55.0</b>	<b>52.0</b>	<b>5.8%</b>	<b>151.3</b>	<b>146.2</b>	<b>3.5%</b>
<b>Non-recurring events</b>	<b>6.6</b>	<b>3.6</b>	<b>86.0%</b>	<b>16.2</b>	<b>7.0</b>	<b>131.4%</b>
<b>Recurring adjusted EBITDA</b>	<b>61.6</b>	<b>55.5</b>	<b>10.9%</b>	<b>167.5</b>	<b>153.2</b>	<b>9.3%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>19.2%</b>	<b>17.7%</b>	<b>1.5 p.p.</b>	<b>18.1%</b>	<b>17.3%</b>	<b>0.8 p.p.</b>

## Recurring Net Income (Loss)

Recurring net income amounted to R\$9.4 million in 3Q18, down 72.2% compared to 3Q17, impacted by exchange variation and the lower variation in the fair value of biological assets. In 9M18, recurring net income was R\$9.1 million, down 80.5% from 9M17.

## Debt

At the end of 9M18, the Company's net debt amounted to R\$373.0 million and was equivalent to 1.6 times its annualized recurring EBITDA, remaining stable in relation to the end of the first half of 2018.

In July 2018, the Company raised R\$50 million, aiming to improve its debt profile, which enabled a reduction of 9 p.p. in the short-term debt compared to the end of 1H18, to 65% of total debt.

Debt (R\$ Million)	9M18	2017	Var. (%)	1H18	Var. (%)
Short Term Debt	259.4	245.2	5.8%	291.8	-11.1%
Long Term Debt	138.8	106.1	30.7%	100.5	38.0%
<b>Gross Debt</b>	<b>398.2</b>	<b>351.3</b>	<b>13.3%</b>	<b>392.4</b>	<b>1.5%</b>
Cash and Cash Equivalents	25.2	20.3	24.0%	20.5	22.5%
<b>Net Debt</b>	<b>373.0</b>	<b>331.0</b>	<b>12.7%</b>	<b>371.8</b>	<b>0.3%</b>
% Short Term Debt	65%	70%	-5 p.p.	74%	-9 p.p.
<b>Net Debt/EBITDA</b>	<b>1.6</b>	<b>1.6</b>	<b>5.7%</b>	<b>1.7</b>	<b>-2.4%</b>
Ptax FX rate (US\$)	4.0039	3.3080	21.0%	3.8552	3.9%
Exchange variation in the perioc	43.0	3.0	1333.3%	30.1	42.9%

## Investments

Capex in 3Q18 totaled R\$30.7 million and was allocated to maintaining the Company's industrial and forest operations. In 2018, the Company plans to reduce capex by about 8.8% in relation to 2017 (R\$95.5 million), while focusing on forestry capex.





## Sustainability

Eucatex's forest sustainability is assured by 45,800 hectares of forests, all located in the state of São Paulo.

The Company is widely recognized for its sustainable development practices and was the first company in the industry to obtain ISO 9001 certification, in 2000. It also holds the ISO 14001 certification and the Green Seal awarded by the Forest Stewardship Council (FSC), which certifies that its forests are managed in accordance with rigorous environmental, social and economic standards.

In another pioneering initiative, Eucatex became the first in the industry in South America to build a woodchip recycling line on an industrial scale. Its state-of-the-art equipment enables materials obtained within a radius of approximately 120 kilometers from the Salto (São Paulo) unit to be used as raw material for producing panels and as biomass for firing its boilers. Its total processing capacity is 240,000 metric tons/year, which is equivalent to approximately two million trees, 470,000 m<sup>3</sup> of standing timber or 1,500 hectares of planted forests. The investment in land and planting to maintain this volume of wood, considering a seven-year cycle, would amount to around R\$200 million. Not only does it generate cost benefits, but recycling woodchips also prevents this material from being deposited in local landfills.

## Capital Markets

Eucatex's preferred stock, listed on the B3 under the ticker EUCA4, closed 3Q18 quoted at R\$3.31. The Company's market capitalization at the end of the period was R\$306.6 million, around 25% of its book value.



## About Eucatex

Eucatex S.A. Indústria e Comércio completes 67 years in 2018 and is one of Brazil's largest manufacturers of laminated flooring, wall partitions, doors, MDP/MDF/T-HDF panels, fiberboard, and paints and varnishes. It operates six modern plants in Botucatu and Salto (both in São Paulo) and Cabo de Santo Agostinho (Pernambuco), employing 2,473 people. Its products are exported to more than 37 countries. For more information, visit [www.eucatex.com.br/ri](http://www.eucatex.com.br/ri).

*This document contains forward-looking statements related 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 market conditions, the performance of the Brazilian economy, the sector and the international markets and therefore are subject to change without prior notice.*

### **External Audit**

*The policy of the Eucatex Group regarding services provided by its independent auditors that are not related to the external audit of its financial statements is based on the principles of professional independence. These principles are based on the premise that the auditor must not examine his own work, perform managerial functions or practice law on behalf of clients. In 3Q18, the Eucatex Group did not engage BDO RCS Auditores Independentes S.S. for services other than audit.*

## Income Statement

Income Statement (R\$ million)	3Q18	3Q17	Var. (%)	9M18	9M17	Var. (%)
<b>Gross Revenue</b>	<b>382.1</b>	<b>374.5</b>	<b>2.0%</b>	<b>1,104.0</b>	<b>1,061.4</b>	<b>4.0%</b>
Sales taxes and Deductions	(60.9)	(60.8)	0.1%	(177.0)	(174.3)	1.6%
<b>Net Revenue</b>	<b>321.2</b>	<b>313.7</b>	<b>2.4%</b>	<b>927.0</b>	<b>887.1</b>	<b>4.5%</b>
Fair value variation in biological assets	1.0	12.8	-92.2%	1.1	23.1	-95.3%
Cost of Goods Sold	(230.7)	(233.0)	-1.0%	(683.1)	(660.9)	3.4%
<b>Gross Income</b>	<b>91.5</b>	<b>93.5</b>	<b>-2.2%</b>	<b>245.0</b>	<b>249.3</b>	<b>-1.7%</b>
<b>% Gross Margin</b>	<b>28.5%</b>	<b>29.8%</b>	<b>-1,2 p.p.</b>	<b>26.4%</b>	<b>28.1%</b>	<b>-1,8 p.p.</b>
Selling Expenses	(49.3)	(43.9)	12.3%	(130.6)	(126.5)	3.2%
General and Administrative Expenses	(12.7)	(12.1)	4.7%	(37.5)	(37.6)	-0.2%
Management Compensation	(1.6)	(1.8)	-9.5%	(5.1)	(5.0)	3.8%
Other Operating Income / (Expenses)	3.4	(0.4)	934.2%	2.2	(1.4)	-262.3%
<b>Operating Income (Expenses)</b>	<b>(60.2)</b>	<b>(58.2)</b>	<b>3.4%</b>	<b>(171.0)</b>	<b>(170.4)</b>	<b>0.4%</b>
<b>Net Income before Financial Result</b>	<b>31.3</b>	<b>35.3</b>	<b>-11.3%</b>	<b>74.0</b>	<b>78.9</b>	<b>-6.2%</b>
Financial Income (Expense)	(18.9)	(1.9)	-894.6%	(65.6)	(32.2)	-103.9%
Non-recurring Income (Expense)	(6.6)	(3.6)	-86.0%	(16.2)	(7.0)	-131.4%
<b>Net Income after Financial Result</b>	<b>5.8</b>	<b>29.8</b>	<b>-80.5%</b>	<b>(7.8)</b>	<b>39.7</b>	<b>-119.8%</b>
Provision for Income and Soc. Contr. Taxes	(3.0)	0.4	-847.9%	0.7	(0.1)	-1256.3%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>2.8</b>	<b>30.2</b>	<b>-90.8%</b>	<b>(7.1)</b>	<b>39.7</b>	<b>-118.0%</b>
Non-controlling interest	0.0	0.0	0.0%	(0.0)	-	0.0%
<b>Net Income (Loss) in the Period</b>	<b>2.8</b>	<b>30.2</b>	<b>-90.8%</b>	<b>(7.1)</b>	<b>39.7</b>	<b>-118.0%</b>
<b>Net Margin</b>	<b>0.9%</b>	<b>9.6%</b>	<b>-8,8 p.p.</b>	<b>-0.8%</b>	<b>4.5%</b>	<b>-5,1 p.p.</b>

\* Values of items: Cost of Goods Sold, Selling Expenses, General and Administrative Expenses, and Other Operating Expenses /Income are net of non-recurring expenses.

## Balance Sheet

Balance Sheet (R\$ '000)	9M18	2017	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	17.0	7.0	142.5%
Marketable Securities	8.2	13.3	-38.5%
Trade Accounts Receivable	285.6	253.4	12.7%
Inventories	188.3	175.4	7.3%
Taxes Recoverable	13.7	17.8	-22.9%
Prepaid Expenses	6.8	4.5	50.0%
Other receivables	1.8	3.7	-52.9%
<b>Total Current Assets</b>	<b>521.3</b>	<b>475.1</b>	<b>9.7%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	29.6	28.2	4.7%
Taxes Recoverable	1.9	2.0	-3.8%
Deferred income and soc. contr. taxes	66.4	57.0	16.6%
	61.1	0.3	20484.1%
Investment properties	25.6	25.5	0.3%
Judicial Deposits	9.1	7.8	16.9%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>204.9</b>	<b>132.0</b>	<b>55.2%</b>
Investments	-	-	0.0%
Biological Assets	389.5	423.8	-8.1%
Fixed Assets	967.8	1,008.6	-4.0%
Intangible Assets	0.2	0.2	-5.0%
<b>Total Permanent Assets</b>	<b>1,357.5</b>	<b>1,432.7</b>	<b>-17.1%</b>
<b>Total Non-Current Assets</b>	<b>1,562.4</b>	<b>1,564.7</b>	<b>-0.1%</b>
<b>Total Assets</b>	<b>2,083.7</b>	<b>2,039.8</b>	<b>2.2%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	149.5	140.4	6.5%
Loans and Financing	259.4	245.2	5.8%
Labor Liabilities	31.1	24.5	27.3%
Tax Liabilities	9.7	12.7	-23.4%
Tax Installments	10.4	23.0	-54.9%
Advances from Clients	15.0	12.9	16.2%
Dividends and interest on equity payable	69.6	69.6	0.0%
Accounts Payable	27.1	26.1	3.8%
<b>Total Current Liabilities</b>	<b>571.8</b>	<b>554.3</b>	<b>3.2%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	138.8	106.1	30.7%
Tax Installments	11.5	13.9	-16.8%
Deferred Income and Soc. Contr. Taxes	102.7	97.5	5.4%
Provision for Contingencies	26.1	30.7	-14.9%
<b>Total Long-Term Liabilities</b>	<b>279.1</b>	<b>248.2</b>	<b>12.5%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Revaluation Reserves	201.9	201.9	0.0%
Profit Reserve	459.5	459.5	0.0%
Asset Valuation Adjustment	89.8	89.8	0.0%
Other Comprehensive Income	3.5	0.9	287.1%
Treasury Stock	(2.9)	(2.9)	0.0%
Retained Earnings	(7.1)	-	0.0%
<b>Total Shareholder's Equity</b>	<b>1,232.8</b>	<b>1,237.3</b>	<b>-0.4%</b>
Non-controlling interest	(0.0)	(0.0)	-7.5%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,232.8</b>	<b>1,237.3</b>	<b>-0.4%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,083.7</b>	<b>2,039.8</b>	<b>2.2%</b>



## Cash Flow

Cash Flow (R\$ 000)	9M18	9M17
<b>Net Income (Loss) before Income and Social Contribution Taxes</b>	<b>(7.8)</b>	<b>39.7</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	48.0	46.8
Exhaustion of biological assets	46.6	50.7
Residual Value of Fixed Assets Sold	3.3	0.5
Write-off of investments	(0.0)	0.0
Fair value variation in biological assets	(1.1)	(23.1)
Interest, Monetary and Exchange Variations, net	59.4	22.9
Income tax and social contribution	-	(6.3)
Provision (reversal) for liabilities and others	0.9	2.4
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	5.1	(2.3)
Trade accounts receivable	(34.6)	(55.3)
Inventories	(12.9)	18.6
Recoverable taxes	4.1	4.1
Deferred expenses	(2.3)	(0.6)
Judicial deposits	(1.3)	(0.7)
Other receivables	2.0	0.2
Trade accounts payable	9.2	(1.6)
Labor and Tax Liabilities	(1.8)	5.3
Tax Installments	(15.4)	(20.4)
Advances from Clients	2.1	8.4
Accounts payable	1.0	5.3
<b>Net Cash Flow from Operating Activities</b>	<b>104.5</b>	<b>94.6</b>
<b>Cash Flow from Investing Activities</b>		
Capital reduction in subsidiaries - translation adjustment	0.1	(0.1)
Addition to fixed assets	(41.6)	(35.2)
Addition to biological assets	(41.0)	(42.5)
<b>Net Cash Flow from Investing Activities</b>	<b>(82.4)</b>	<b>(77.9)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and debentures	(227.9)	(166.6)
Loans	215.8	146.3
<b>Net cash provided by (used in) financing activities</b>	<b>(12.1)</b>	<b>(20.2)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>10.0</b>	<b>(3.6)</b>
<b>Cash and Cash Equivalents</b>		
Opening balance of cash and cash equivalents	7.0	13.9
Closing balance of cash and cash equivalents	17.0	10.3
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>10.0</b>	<b>(3.6)</b>