

A large, stylized graphic of two overlapping leaves, one blue and one yellow-green, is positioned in the bottom-left corner of the page. The yellow-green leaf is larger and overlaps the blue one.

4Q18

Earnings  
Release



## 4Q18 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 fourth quarter of 2018 (4Q18). 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)*

March 28, 2019

11:00 a.m. (Brasília) / 10:00 a.m. (US ET)

### *Dial-in*

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### *Webcast*

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

*An English transcript will be made available after the conference call*

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## Highlights

### 4Q18

Net Revenue of R\$335.3 million (+5.4%)

Recurring EBITDA of R\$64.4 million (+8.3%), with margin of 19.2%

Recurring Net Income of R\$46.0 million (+147.2%)

Material Fact – Conclusion of Asset Swap between Eucatex and Duratex. Production already started

### 2018

Net Revenue of R\$1,262.3 million (+4.7%)

Recurring EBITDA of R\$231.9 million (+9.0%), with margin of 18.4%

Recurring Net Income of R\$55.1 million (-15.6%)

Amounts in R\$ million	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
Net Revenue	335.3	318.3	5.4%	1,262.3	1,205.4	4.7%
Gross Income	118.0	85.1	38.6%	363.0	334.5	8.5%
Gross Margin (%)	35.2%	26.8%	8.4 p.p.	28.8%	27.7%	1.1 p.p.
EBITDA adjusted by non-cash events	54.5	43.2	26.3%	205.8	189.4	8.7%
EBITDA Margin (%)	16.3%	13.6%	2.7 p.p.	16.3%	15.7%	0.6 p.p.
Net Income	36.1	2.3	1475.0%	29.0	41.9	-30.9%
<b>Recurring Net Income</b>	<b>46.0</b>	<b>18.6</b>	<b>147.2%</b>	<b>55.1</b>	<b>65.3</b>	<b>-15.6%</b>
Net Debt	416.1	373.0	11.5%	416.1	373.0	11.5%
Net Debt / EBITDA (LTM)	1.8	1.6	11.3%	1.8	1.6	11.3%
<b>Recurring Adjusted EBITDA</b>	<b>64.4</b>	<b>59.5</b>	<b>8.3%</b>	<b>231.9</b>	<b>212.7</b>	<b>9.0%</b>
<b>Recurring Adjusted EBITDA Margin (%)</b>	<b>19.2%</b>	<b>18.7%</b>	<b>0.5 p.p.</b>	<b>18.4%</b>	<b>17.6%</b>	<b>0.8 p.p.</b>

## Management Comments

The year 2018 was marked by a scenario of political and economic uncertainties and the truck drivers' strike, although there was a slight improvement in the key indicators that impact the Company's businesses. Inflation came below the target, at 3.7%, with forecasts for 2019 hovering around 4.0%. Consumer confidence has been showing signs of recovery, especially in Nov/18, which saw an upswing of 7.1%, closing 2018 up by 5.7%. Industry confidence also improved, albeit not as significantly as consumer confidence in 4Q18, ending the year with a decline of 4.0%. The basic interest rate remained at 6.5% p.a., contributing to the continuation of a positive trajectory of the economy.

Unemployment rate continued to improve and ended 2018 at 11.6%. Average real income did not increase significantly. However, credit was still offered at attractive terms, with an increase in lending to individuals. The stability in debt servicing percentage and low levels of household debt both favor fresh borrowings. The improvement in these indicators, combined with a job market that is showing greater dynamism, result in an expectation of economic growth in 2019.

The ABRAMAT (Brazilian Construction Materials Industry Association) Index, which measures the performance of construction material industries, rose 1.2% in 2018, which could have been even better if not for the strike that affected cargo transport and the impact on prices of the increase in costs caused by the appreciation of the U.S. dollar. The expectation is that the Index will close 2019 gaining around 2.0%. Indicators for the panels market improved compared to 2017, both for the domestic and export markets, increasing by 4.9% and 7.2%, respectively.

For 2019, the Company believes in gradual economic recovery, based on the improvement of key indicators. However, it will largely depend on legislative support to the new government to advance in difficult reforms, among them social security.

The Company plans to roll out diverse initiatives to drive sales in the domestic and export markets and make investments in its products in order to reduce costs and streamline its processes, thus generating better results.

In Oct/18, the Company concluded the asset swap process with Duratex, which increased its Fiberboard production capacity that was already operational and which contributed to revenue growth in 4Q18, which will be more evident during 2019.

## Operating Performance and Results

Sales volume in the Company's Wood segment, considering both domestic and export markets, increased 1.2% in 4Q18 but declined 3.7% in 2018, compared to the same period last year. In both periods, sales volume was affected by domestic sales, which declined 1.6% and 6.6% in 4Q18 and 2018, respectively, partially offset by the 19.4% and 14.2% growth in exports in 4Q18 and 2018, respectively, as against 4Q17 and 2017.

The decline in sales volume in 2018 was driven, among other factors, by the truck drivers' strike in May/18, which brought the production of MDP and T-HDF/MDF to a halt for more than 8 days, in addition to the 18-day shutdown for maintenance and improvements in the T-HDF/MDF line. According to the Brazilian Tree Industry (IBÁ), the Panels Market as a whole expanded by 5.1% in 4Q18 and 5.4% in 2018.

The Company's export volume in the segment grew 19.4% in the quarter. In addition to the policy of increasing exports, the Company increases spot sales, especially of MDP, taking advantage of the favorable exchange scenario.

Sales in the Paints segment fell 5.1% and 0.7% in 4Q18 and 2018, respectively, compared to the same periods in 2017. According to the Brazilian Paint Manufacturers Association (ABRAFATI), the market contracted 5.1% in 4Q18 and 2.1% in 2018.

### Operating Performance base 100 - 2005

Physical Sales	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
Wood Panels (DM)	142	144	-1.6%	139	149	-6.6%
Wood Panels (EM)	247	207	19.4%	183	161	14.2%
Paints	281	296	-5.1%	320	322	-0.7%

DM - Domestic Market / EM - Export Market

## Net revenue

Net Revenue Breakdown (R\$ million)	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
Wood Segment	255.8	228.3	12.0%	942.7	872.5	8.1%
Paint Segment	74.2	68.4	8.5%	272.6	254.6	7.1%
Other	5.3	21.5	-75.2%	47.0	78.3	-39.9%
<b>Net Revenue</b>	<b>335.3</b>	<b>318.3</b>	<b>5.4%</b>	<b>1,262.3</b>	<b>1,205.4</b>	<b>4.7%</b>

Net revenue totaled R\$335.3 million, compared to R\$318.3 million in 4Q17, up 5.4%. In the Wood Segment, revenue grew 12.0% in 4Q18 and 8.1% in 2018, positively impacted by price increases and higher export volumes. Net Revenue from the Paint segment increased 8.5% and 7.1% in 4Q18 and 2018, respectively, compared to the same period in 2017, reflecting the 12.7% increase in prices.

## Cost of Goods Sold (COGS)

COGS increased 5.1% in 4Q18 compared to 4Q17. The rise in COGS is linked to the increase in the prices of inputs, which were in turn driven by the increase in commodity prices and the increase in the exchange rate.

## Gross Income & Gross Margin

Gross Income amounted to R\$118.0 million in 4Q18, compared to R\$85.1 million in 4Q17, up 38.6%, mainly due to the variation in the fair value of biological assets. Gross Margin in the quarter stood at 35.2%, expanding 8.4 p.p. compared to 4Q17. In 2018, Gross Income and Gross Margin increased 8.5% and 1.1 p.p., respectively, compared to 2017, to R\$363.0 million and 28.8%.

## Operating expenses

Breakdown of Expenses (R\$ million)	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
General and Administrative	(14.5)	(14.1)	2.4%	(57.1)	(56.7)	0.8%
Selling	(47.9)	(44.1)	8.6%	(178.4)	(170.6)	4.6%
<b>Total Operating Expenses</b>	<b>(62.3)</b>	<b>(58.2)</b>	<b>7.1%</b>	<b>(235.6)</b>	<b>(227.3)</b>	<b>3.6%</b>
<b>% Net Revenue</b>	<b>18.6%</b>	<b>18.3%</b>	<b>0.3 p.p.</b>	<b>18.7%</b>	<b>18.9%</b>	<b>-0.2 p.p.</b>
Other Operating Income and Expenses	5.6	(0.0)	-16244.1%	7.8	(1.4)	-665.7%

Operating expenses corresponded to 18.6% of Net Revenue in 4Q18, slightly up by 0.3 p.p. from the same period a year ago, resulting from the increase in exports, whose distribution costs are higher.

In 2018, total expenses increased 3.6% compared to 2017, but decreased slightly by 0.2 p.p. in relation to Net Revenue.

## EBITDA & EBITDA Margin

As a result of the above, Recurring EBITDA totaled R\$64.4 million, up 8.3% from 4Q17. Recurring EBITDA Margin reached 19.2%, compared to 18.7% in the same period last year.

In 2018, Recurring EBITDA amounted to R\$231.9 million, increasing 9.0% from 2017, while Recurring EBITDA Margin was 18.4% (+0.8 p.p.).

EBITDA Reconciliation (R\$ million)	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
Net Income	36.1	2.3	1475.0%	29.0	41.9	-30.9%
Income and Social Contribution Taxes	9.8	(10.7)	191.9%	9.1	(10.6)	-185.8%
Net Financial Income (Loss)	5.5	19.0	-71.2%	71.1	51.1	38.9%
<b>EBIT</b>	<b>51.4</b>	<b>10.6</b>	<b>386.2%</b>	<b>109.2</b>	<b>82.5</b>	<b>32.4%</b>
Depreciation and Amortization	30.2	32.0	-5.4%	124.8	129.4	-3.5%
<b>EBITDA under CVM instr. 527/12</b>	<b>81.6</b>	<b>42.5</b>	<b>91.9%</b>	<b>234.0</b>	<b>211.8</b>	<b>10.4%</b>
<b>EBITDA Margin</b>	<b>24.3%</b>	<b>13.4%</b>	<b>10.9 p.p.</b>	<b>18.5%</b>	<b>17.6%</b>	<b>0.9 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(27.1)	0.6	4514.1%	(28.2)	(22.5)	25.4%
<b>EBITDA adjusted by non-cash events</b>	<b>54.5</b>	<b>43.2</b>	<b>26.3%</b>	<b>205.8</b>	<b>189.4</b>	<b>8.7%</b>
<b>Non-recurring events</b>	<b>9.9</b>	<b>16.3</b>	<b>-39.3%</b>	<b>26.1</b>	<b>23.3</b>	<b>12.0%</b>
<b>Recurring adjusted EBITDA</b>	<b>64.4</b>	<b>59.5</b>	<b>8.3%</b>	<b>231.9</b>	<b>212.7</b>	<b>9.0%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>19.2%</b>	<b>18.7%</b>	<b>0.5 p.p.</b>	<b>18.4%</b>	<b>17.6%</b>	<b>0.8 p.p.</b>

## Recurring Net Income

Recurring net income amounted to R\$46.0 million in 4Q18, up 147.2% from 4Q17, impacted by the exchange variation and the fair value of biological assets. In 2018, recurring net income was R\$55.1 million, down 15.6% from 2017.

## Debt

The Company's net debt at the end of 2018 was R\$416.1 million and was equivalent to 1.8 times its annualized Recurring EBITDA.

Debt (R\$ Million)	2018	2017	Var. (%)	9M18	Var. (%)
Short Term Debt	287.0	245.2	17.1%	259.4	10.6%
Long Term Debt	156.5	106.1	47.5%	138.8	12.8%
<b>Gross Debt</b>	<b>443.5</b>	<b>351.3</b>	<b>26.3%</b>	<b>398.2</b>	<b>11.4%</b>
Cash and Cash Equivalents	27.5	20.3	35.4%	25.2	9.2%
<b>Net Debt</b>	<b>416.1</b>	<b>331.0</b>	<b>25.7%</b>	<b>373.0</b>	<b>11.5%</b>
% Short Term Debt	65%	70%	-5 p.p.	65%	0 p.p.
<b>Net Debt/EBITDA</b>	<b>1.8</b>	<b>1.6</b>	<b>16.4%</b>	<b>1.6</b>	<b>10.2%</b>

## Investments

Investments in 4Q18 totaled R\$28.1 million and were allocated to maintaining the Company's industrial and forest operations. For 2019, investments are expected to increase by around 7.7% in relation to 2018, to R\$119.2 million, with the focus on forestry investments and expansion of the Fiberboard plant in Botucatu, São Paulo, which came from the asset swap with Duratex.

## Sustainability

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

The Company is 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. Investments in land and planting to maintain this volume of wood, considering a seven-year cycle, would be 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 4Q18 quoted at R\$4.31. The Company's market capitalization at the end of the period was R\$399.2 million, around 32% of its book value.

## About Eucatex

Eucatex S.A. Indústria e Comércio completes 68 years in 2019 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 plants in Botucatu and Salto (both in São Paulo) and Cabo de Santo Agostinho (Pernambuco), employing 2,868 people. Its products are exported to more than 37 countries. For further 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 maintaining 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 4Q18, the Eucatex Group did not engage BDO RCS Auditores Independentes S.S. for services other than audit.*

## Income Statement

Income Statement (R\$ million)	4Q18	4Q17	Var. (%)	2018	2017	Var. (%)
<b>Gross Revenue</b>	<b>406.8</b>	<b>379.9</b>	<b>7.1%</b>	<b>1,510.9</b>	<b>1,441.3</b>	<b>4.8%</b>
Sales taxes and Deductions	(71.5)	(61.6)	16.0%	(248.5)	(236.0)	5.3%
<b>Net Revenue</b>	<b>335.3</b>	<b>318.3</b>	<b>5.4%</b>	<b>1,262.3</b>	<b>1,205.4</b>	<b>4.7%</b>
Fair value variation in biological assets	27.1	(0.6)	4514.1%	28.2	22.5	25.4%
Cost of Goods Sold	(244.4)	(232.5)	5.1%	(927.5)	(893.4)	3.8%
<b>Gross Income</b>	<b>118.0</b>	<b>85.1</b>	<b>38.6%</b>	<b>363.0</b>	<b>334.5</b>	<b>8.5%</b>
<b>% Gross Margin</b>	<b>35.2%</b>	<b>26.8%</b>	<b>8.4 p.p.</b>	<b>28.8%</b>	<b>27.7%</b>	<b>1.1 p.p.</b>
Selling Expenses	(47.9)	(44.1)	8.6%	(178.4)	(170.6)	4.6%
General and Administrative Expenses	(13.0)	(12.3)	5.8%	(50.5)	(49.9)	1.3%
Management Compensation	(1.5)	(1.8)	-20.1%	(6.6)	(6.8)	-2.7%
Other Operating Income / (Expenses)	5.6	(0.0)	16244.1%	7.8	(1.4)	-665.7%
<b>Operating Income (Expenses)</b>	<b>(56.7)</b>	<b>(58.2)</b>	<b>-2.6%</b>	<b>(227.7)</b>	<b>(228.7)</b>	<b>-0.4%</b>
<b>Net Income before Financial Result</b>	<b>61.3</b>	<b>26.9</b>	<b>128.0%</b>	<b>135.3</b>	<b>105.8</b>	<b>27.9%</b>
Financial Income (Expense)	(5.5)	(19.0)	71.2%	(71.1)	(51.1)	-38.9%
Non-recurring Income (Expense)	(9.9)	(16.3)	39.3%	(26.1)	(23.3)	-12.0%
<b>Net Income after Financial Result</b>	<b>45.9</b>	<b>(8.4)</b>	<b>646.6%</b>	<b>38.1</b>	<b>31.3</b>	<b>21.7%</b>
Provision for Income and Soc. Contr. Taxes	(9.8)	10.7	-191.9%	(9.1)	10.6	185.8%
<b>Net Income before Non-Controlling Interest</b>	<b>36.1</b>	<b>2.3</b>	<b>1476.9%</b>	<b>29.0</b>	<b>41.9</b>	<b>-30.9%</b>
Non-controlling interest	0.0	0.0	0.0%	0.0	0.0	62.3%
<b>Net Income in the Period</b>	<b>36.1</b>	<b>2.3</b>	<b>1475.0%</b>	<b>29.0</b>	<b>41.9</b>	<b>-30.9%</b>
<b>Net Margin</b>	<b>10.8%</b>	<b>0.7%</b>	<b>10 p.p.</b>	<b>2.3%</b>	<b>3.5%</b>	<b>-1.2 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)	2018	2017	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	9.0	7.0	29.1%
Marketable Securities	18.4	13.3	38.7%
Trade Accounts Receivable	301.1	253.4	18.8%
Inventories	251.2	175.4	43.2%
Taxes Recoverable	39.2	17.8	120.9%
Prepaid Expenses	7.2	4.5	60.4%
Other receivables	1.4	3.7	-63.1%
<b>Total Current Assets</b>	<b>627.6</b>	<b>475.1</b>	<b>32.1%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	28.3	28.2	0.3%
Taxes Recoverable	1.8	2.0	-11.7%
Deferred income and soc. contr. taxes	63.5	57.0	11.5%
Assets held for sale	0.2	0.3	-25.6%
Investment properties	25.6	25.5	0.5%
Judicial Deposits	6.5	7.8	-17.1%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>137.1</b>	<b>132.0</b>	<b>3.9%</b>
Investments	-	-	0.0%
Biological Assets	420.1	423.8	-0.9%
Fixed Assets	1,001.2	1,008.6	-0.7%
Intangible Assets	13.7	0.2	5720.2%
<b>Total Permanent Assets</b>	<b>1,435.0</b>	<b>1,432.7</b>	<b>5718.6%</b>
<b>Total Non-Current Assets</b>	<b>1,572.1</b>	<b>1,564.7</b>	<b>0.5%</b>
<b>Total Assets</b>	<b>2,199.7</b>	<b>2,039.8</b>	<b>7.8%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	166.2	140.4	18.4%
Loans and Financing	287.0	245.2	17.1%
Labor Liabilities	28.7	24.5	17.2%
Tax Liabilities	18.8	12.7	48.4%
Inventories	-	-	0.0%
Tax Installments	25.1	23.0	9.0%
Advances from Clients	13.3	12.9	3.0%
Dividends and interest on equity payable	73.7	69.6	5.9%
Accounts Payable	33.9	26.1	30.2%
<b>Total Current Liabilities</b>	<b>646.7</b>	<b>554.3</b>	<b>16.7%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	156.5	106.1	47.5%
Tax Installments	11.2	13.9	-19.3%
Deferred Income and Soc. Contr. Taxes	104.4	97.5	7.1%
Provision for Contingencies	18.0	30.7	-41.5%
<b>Total Long-Term Liabilities</b>	<b>290.1</b>	<b>248.2</b>	<b>16.9%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Revaluation Reserves	182.7	201.9	-9.5%
Profit Reserve	503.6	459.5	9.6%
Asset Valuation Adjustment	89.8	89.8	0.0%
Other Comprehensive Income	1.6	0.9	81.9%
Treasury Stock	(2.9)	(2.9)	0.0%
Retained Earnings	-	-	0.0%
<b>Total Shareholder's Equity</b>	<b>1,263.0</b>	<b>1,237.3</b>	<b>2.1%</b>
Non-controlling interest	(0.0)	(0.0)	-3.7%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,262.9</b>	<b>1,237.3</b>	<b>2.1%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,199.7</b>	<b>2,039.8</b>	<b>7.8%</b>

## Cash Flow

Cash Flow (R\$ 000)	2018	2017
<b>Net Income (Loss) before Income and Social Contribution Taxes</b>	<b>38.1</b>	<b>31.3</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	65.5	63.0
Exhaustion of biological assets	59.3	66.4
Residual Value of Fixed Assets Sold	3.3	0.5
Write-off of investments	(0.1)	0.1
Fair value variation in biological assets	(28.2)	(22.5)
Interest, Monetary and Exchange Variations, net	58.0	41.4
Income tax and social contribution	-	-
Provision (reversal) for liabilities and others	0.9	2.7
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	(5.1)	(3.6)
Trade accounts receivable	(48.0)	(35.7)
Inventories	(67.5)	11.9
Recoverable taxes	(21.2)	7.2
Deferred expenses	(2.7)	(1.4)
Judicial deposits	1.3	(1.1)
Other receivables	2.3	1.5
Trade accounts payable	25.9	6.8
Labor and Tax Liabilities	2.2	(2.3)
Tax Installments	(1.0)	(27.6)
Advances from Clients	0.4	0.9
Accounts payable	7.9	5.7
<b>Net Cash Flow from Operating Activities</b>	<b>91.4</b>	<b>145.3</b>
<b>Cash Flow from Investing Activities</b>		
Capital reduction in subsidiaries - translation adjustment	-	0.1
Addition to fixed assets	(66.8)	(43.3)
Addition to biological assets	(57.3)	(64.9)
<b>Net Cash Flow from Investing Activities</b>	<b>(124.0)</b>	<b>(108.1)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and debentures	(291.6)	(223.7)
Loans	326.4	181.9
Payment of dividends/Interest on equity	-	(2.2)
<b>Net cash provided by (used in) financing activities</b>	<b>34.7</b>	<b>(44.0)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>2.0</b>	<b>(6.9)</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	9.0	7.0
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>2.0</b>	<b>(6.9)</b>