



2Q19

Earnings  
Release



## 2Q19 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, today announces its results for the second quarter of 2019 (2Q19). 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)*

August 16, 2019  
11:00 a.m. (Brasília) / 10:00 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)

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

### **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

### 2Q19

Net Revenue of R\$373.0 million (+23.5%)

Recurring EBITDA of R\$71.7 million (+32.1%), with Margin of 19.2%

Recurring Net Income of R\$23.4 million (+524.1%)

### 1H19

Net Revenue of R\$729.5 million (+20.4%)

Recurring EBITDA of R\$138.3 million (+30.7%), with Margin of 19.0%

Recurring Net Income of R\$41.0 million (+13,628.5%)

EBITDA Reconciliation (R\$ million)	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
Net Income (Loss)	14.2	(11.6)	-222.0%	25.6	(9.9)	-357.5%
Income and Social Contribution Taxes	1.7	(6.4)	127.4%	5.2	(3.8)	-238.1%
Net Financial Income (Loss)	11.8	35.4	-66.6%	26.0	46.7	-44.4%
<b>EBIT</b>	<b>27.8</b>	<b>17.4</b>	<b>59.8%</b>	<b>56.7</b>	<b>33.1</b>	<b>71.5%</b>
Depreciation and Amortization	35.1	31.5	11.4%	66.4	63.2	5.1%
<b>EBITDA under CVM instr. 527/12</b>	<b>62.9</b>	<b>48.9</b>	<b>28.7%</b>	<b>123.1</b>	<b>96.3</b>	<b>27.9%</b>
<b>EBITDA Margin</b>	<b>16.9%</b>	<b>16.2%</b>	<b>0.7 p.p.</b>	<b>16.9%</b>	<b>15.9%</b>	<b>1 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(0.3)	(0.7)	-59.0%	(0.2)	(0.1)	187.8%
<b>EBITDA adjusted by non-cash events</b>	<b>62.6</b>	<b>48.1</b>	<b>30.0%</b>	<b>122.9</b>	<b>96.2</b>	<b>27.8%</b>
<b>Non-recurring events</b>	<b>9.2</b>	<b>6.1</b>	<b>49.2%</b>	<b>15.4</b>	<b>9.6</b>	<b>60.1%</b>
<b>Recurring adjusted EBITDA</b>	<b>71.7</b>	<b>54.3</b>	<b>32.1%</b>	<b>138.3</b>	<b>105.8</b>	<b>30.7%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>19.2%</b>	<b>18.0%</b>	<b>1.2 p.p.</b>	<b>19.0%</b>	<b>17.5%</b>	<b>1.5 p.p.</b>

## Management Comments

The first half of 2019 was marked by the stagnation of the Brazilian economy, pointing to a sluggish recovery, below expectations. The key indicators that affect the Company's business once again performed below par, declining once again despite showing signs of recovery. Consumer confidence remained unstable, alternating from signs of improvement to periods of declines, indicating disappointment among consumers regarding an effective economic recovery. On the other hand, there is good news on the economic front: the basic interest rate stands at 6.0% p.a. to help keep the economy on a favorable path, while annual inflation remains below target, standing at 3.37% in June.

Unemployment rate ended 1H19 at 12.0%, lower than in the same period in 2018, when it was 12.4%. Average real income remained stable when compared to 2Q18, lending to individuals continues to grow at a brisk pace with favorable terms and attractive costs, due to the reduction in household debt.

The resumption of investments in construction - residential, commercial and infrastructure works – to meet the growth in demand will depend on the expansion of real estate credit that needs to attract funds from the capital markets, since traditional funds, the workers' severance fund (FGTS) and savings accounts, appear to be insufficient. The ABRAMAT (Brazilian Construction Materials Industry Association) Index, which measures the performance of construction material industries, rose 2.6% in 1H19, which was marked by instability between negative numbers and signs of recovery. Due to the weak performance of the economy, the forecast growth of the index in 2019 was revised from 2.0% to 1.5%.

Indicators for the panels market, which includes MDF/HDF/MDP/Fiberboard, according to IBA (Brazilian Tree Industry) figures and Company's estimates, increased 3.5% in the domestic market but declined 12.0% in the export market in 2Q19, ending 1H19 increasing 3.5% and decreasing 10.2%, respectively.

For 2019, the Company continues to believe in a gradual albeit slower recovery, with a significant victory for the Federal Government in pushing through the Social Security Reform, with the main points maintained, and allowing other topics to advance, such as the Tax Reform, as well as the release of the FGTS and lower interest rates.

As part of its preparation for the economic recovery, the Company continues to roll out initiatives to increase sales in both the domestic and export markets, investing in its products, driven by the conviction that cost reduction and streamlined processes will generate better results. Unlike in 1H18, when the Company's operating and financial results were negatively affected by the truck drivers' strike, in 2019, these indicators improved, driven by the improved economic scenario and by the Management's efforts.

## Operating Performance and Results

Sales volume in the Company's Wood segment, considering both domestic and export markets, increased by 27.4% and 19.4%, respectively, in 2Q19 and 1H19 compared to the same period last year. The quarterly performance is the result of higher sales in the domestic (+27.0%) and export (29.4%) markets, which ended the first half of 2019 up 20.2% and 14.8%, respectively.

The highlight was the performance of Fiberboard and T-HDF/MDF, which exceeded the Company's expectations. According to the IBA and Eucatex's estimates, the Panels Market as a whole grew 2.9% in 2Q19 and 1.2% in 1H19.

Paint sales grew 1.4% and 0.9% in 2Q19 and 1H19, respectively, from the same periods in 2018. According to ABRAFATI (Brazilian Paint Manufacturers Association), the market expanded 11.1% in 2Q19 and 7.9% in 1H19.

### Operating Performance base 100 - 2005

Physical Sales	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
Wood Panels (DM)	156	123	27.0%	163	135	20.2%
Wood Panels (EM)	182	141	29.4%	161	140	14.8%
Paints	338	333	1.4%	354	351	0.9%

DM - Domestic Market / EM - Export Market

## Net Revenue

Net Revenue Breakdown (R\$ million)	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
Wood Segment	285.3	219.6	29.9%	550.1	443.1	24.1%
Paint Segment	69.6	63.8	9.1%	136.8	124.7	9.7%
Other	18.1	18.5	-2.4%	42.6	38.0	12.2%
<b>Net Revenue</b>	<b>373.0</b>	<b>302.0</b>	<b>23.5%</b>	<b>729.5</b>	<b>605.8</b>	<b>20.4%</b>

Net revenue totaled R\$373.0 million, compared to R\$302.0 million in 2Q18, up 23.5%. In the Wood Segment, revenue grew 29.9% in 2Q19, positively impacted by the increase in sales volume. Net Revenue from the Paint segment increased 9.1% in 2Q19 compared to the same period in 2018, reflecting the 10.0% average increase in prices.

Performance was similar in 1H19 compared to 1H18, with growth of 20.4%, totaling R\$729.5 million, compared to R\$605.8 million. The highlight of 1H19 was the Wood Segment, which registered revenue growth of 24.1%, driven by increase in physical sales, mainly of Fiberboard. The Paint segment reported 9.1% growth in net revenue compared to 1H18, reflecting the 10.0% average increase in prices.

## Cost of Goods Sold (COGS)

COGS increased 20.2% in 2Q19 compared to 2Q18. The increase in COGS lagging the increase in revenue reflects the negative variation in key inputs, mainly those whose prices are set in U.S. dollar. In 1H19, compared to 1H18, the variation was lower, at 17.0%.

## Gross Income & Gross Margin

Gross Income reached R\$102.9 million in 2Q19, compared to R\$77.8 million in 2Q18, for growth of 32.3%, mainly due to Net Revenue growth and the recovery in prices in some markets. Gross Margin in the quarter stood at 27.6%, expanding 1.8 p.p. from 2Q18. The increase in fiberboard sales, combined with the recovery in the prices of some of the main products, contributed to Gross Margin growth.

In 1H19, Gross Income and Gross Margin increased 30.6% and 2.2 p.p., respectively, compared to 1H18, amounting to R\$200.5 million and 27.5%.

## Operating Expenses

Breakdown of Expenses (R\$ million)	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
General and Administrative	(16.5)	(13.9)	19.0%	(31.9)	(28.4)	12.5%
Selling	(50.0)	(39.8)	25.6%	(99.0)	(81.2)	21.8%
<b>Total Operating Expenses</b>	<b>(66.5)</b>	<b>(53.7)</b>	<b>23.8%</b>	<b>(130.9)</b>	<b>(109.6)</b>	<b>19.4%</b>
<b>% Net Revenue</b>	<b>17.8%</b>	<b>17.8%</b>	<b>0 p.p.</b>	<b>17.9%</b>	<b>18.1%</b>	<b>-0.2 p.p.</b>
Other Operating Income and Expenses	0.6	(0.6)	-200.9%	2.6	(1.2)	-307.0%

In 2Q19, operating expenses corresponded to 17.8% of Net Revenue, remaining stable in relation to the same period last year. The nominal growth in expenses is associated with sales growth, costs with consulting for improvements in the Paint Segment, and attorneys' fees due to favorable decisions in labor lawsuits.

Despite the increase in total operating expenses in 1H19 compared to 1H18, expenses as a percentage of Net Revenue declined 0.2 p.p. The increase in expenses results from sales growth and the company's participation in industry fairs and events in 1Q19.

## EBITDA and EBITDA Margin

As a result of the above, Recurring EBITDA totaled R\$71.7 million, up 32.1% from 2Q18. Recurring EBITDA Margin reached 19.2%, representing expansion of 1.2 p.p. on the same period last year.

In 1H19, Recurring EBITDA totaled R\$138.3 million, increasing 30.7% from 1H18, while Recurring EBITDA Margin was 19.0% (+1.5 p.p.).

EBITDA Reconciliation (R\$ million)	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
Net Income (Loss)	14.2	(11.6)	-222.0%	25.6	(9.9)	-357.5%
Income and Social Contribution Taxes	1.7	(6.4)	127.4%	5.2	(3.8)	-238.1%
Net Financial Income (Loss)	11.8	35.4	-66.6%	26.0	46.7	-44.4%
<b>EBIT</b>	<b>27.8</b>	<b>17.4</b>	<b>59.8%</b>	<b>56.7</b>	<b>33.1</b>	<b>71.5%</b>
Depreciation and Amortization	36.2	31.5	15.1%	67.6	63.2	7.0%
<b>EBITDA under CVM instr. 527/12</b>	<b>64.0</b>	<b>48.9</b>	<b>31.0%</b>	<b>124.3</b>	<b>96.3</b>	<b>29.2%</b>
<b>EBITDA Margin</b>	<b>17.2%</b>	<b>16.2%</b>	<b>1 p.p.</b>	<b>17.0%</b>	<b>15.9%</b>	<b>1.2 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(0.3)	(0.7)	-59.0%	(0.2)	(0.1)	187.8%
<b>EBITDA adjusted by non-cash events</b>	<b>63.7</b>	<b>48.1</b>	<b>32.4%</b>	<b>124.1</b>	<b>96.2</b>	<b>29.0%</b>
<b>Non-recurring events</b>	<b>9.2</b>	<b>6.1</b>	<b>49.2%</b>	<b>15.4</b>	<b>9.6</b>	<b>60.1%</b>
<b>Recurring adjusted EBITDA</b>	<b>72.9</b>	<b>54.3</b>	<b>34.3%</b>	<b>139.5</b>	<b>105.8</b>	<b>31.8%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>19.5%</b>	<b>18.0%</b>	<b>1.5 p.p.</b>	<b>19.1%</b>	<b>17.5%</b>	<b>1.6 p.p.</b>

## Recurring Net Income

The increase in Net Revenue and better Gross Margin in 2Q19 and 1H19 had a positive effect on recurring net income, which totaled R\$23.4 million (+524.1%), and R\$41.0 million (+13,628.5%), respectively, in relation to 2Q18 and 1H18.

## Debt

The Company's net debt at the end of 1H19 was R\$421.4 million, down R\$14.3 million in relation to 1Q19, and was equivalent to 1.6 times its annualized recurring EBITDA.

Debt (R\$ Million)	1H19	1Q19	Var. (%)
Short Term Debt	274.0	287.2	-4.6%
Long Term Debt	160.5	160.8	-0.2%
<b>Gross Debt</b>	<b>434.5</b>	<b>448.0</b>	<b>-3.0%</b>
Cash and Cash Equivalents	13.1	12.3	6.5%
<b>Net Debt</b>	<b>421.4</b>	<b>435.8</b>	<b>-3.3%</b>
% Short Term Debt	63%	64%	-1 p.p.
<b>Net Debt/EBITDA</b>	<b>1.6</b>	<b>1.8</b>	<b>-10.1%</b>

## Investments

Investments in 2Q19 totaled R\$31.8 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 forest investments and on the expansion of the fiberboard plant in Botucatu, São Paulo, obtained from the asset swap with Duratex.

## Sustainability

Eucatex's forest sustainability is assured by 48,600 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 2Q19 quoted at R\$4.84. The Company's market capitalization at the end of the period was R\$448.3 million, around 35% of its book value.

## About Eucatex

Eucatex S.A. Indústria e Comércio, which completes 68 years in 2019, 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 2,761 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 auditors must not examine their own work, perform managerial functions or practice law on behalf of clients. In 2Q19, the Eucatex Group did not engage BDO RCS Auditores Independentes S.S. for services other than audit. Our independent auditors did not audit the operational and financial indicators.*

## Income Statement

Income Statement (R\$ million)	2Q19	2Q18	Var. (%)	1H19	1H18	Var. (%)
<b>Gross Revenue</b>	<b>450.1</b>	<b>360.0</b>	<b>25.0%</b>	<b>882.2</b>	<b>722.0</b>	<b>22.2%</b>
Sales taxes and Deductions	(77.1)	(58.1)	32.8%	(152.6)	(116.1)	31.4%
<b>Net Revenue</b>	<b>373.0</b>	<b>302.0</b>	<b>23.5%</b>	<b>729.5</b>	<b>605.8</b>	<b>20.4%</b>
Fair value variation in biological assets	0.3	0.7	-59.0%	0.2	0.1	187.8%
Cost of Goods Sold	(270.4)	(224.9)	20.2%	(529.3)	(452.4)	17.0%
<b>Gross Income</b>	<b>102.9</b>	<b>77.8</b>	<b>32.3%</b>	<b>200.5</b>	<b>153.5</b>	<b>30.6%</b>
<b>% Gross Margin</b>	<b>27.6%</b>	<b>25.8%</b>	<b>1.8 p.p.</b>	<b>27.5%</b>	<b>25.3%</b>	<b>2.2 p.p.</b>
Selling Expenses	(50.0)	(39.8)	25.6%	(99.0)	(81.2)	21.8%
General and Administrative Expenses	(15.0)	(12.2)	23.1%	(28.7)	(24.8)	15.7%
Management Compensation	(1.6)	(1.8)	-9.4%	(3.2)	(3.5)	-10.1%
Other Operating Income / (Expenses)	0.6	(0.6)	200.9%	2.6	(1.2)	-307.0%
<b>Operating Income (Expenses)</b>	<b>(66.0)</b>	<b>(54.3)</b>	<b>21.5%</b>	<b>(128.4)</b>	<b>(110.9)</b>	<b>15.8%</b>
<b>Net Income before Financial Result</b>	<b>36.9</b>	<b>23.5</b>	<b>57.2%</b>	<b>72.1</b>	<b>42.7</b>	<b>69.0%</b>
Financial Income (Expense)	(11.8)	(35.4)	66.6%	(26.0)	(46.7)	44.4%
Non-recurring Income (Expense)	(9.2)	(6.1)	-49.2%	(15.4)	(9.6)	-60.1%
<b>Net Income after Financial Result</b>	<b>16.0</b>	<b>(18.0)</b>	<b>188.6%</b>	<b>30.8</b>	<b>(13.7)</b>	<b>324.9%</b>
Provision for Income and Soc. Contr. Taxes	(1.7)	6.4	-127.4%	(5.2)	3.8	238.1%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>14.2</b>	<b>(11.6)</b>	<b>222.1%</b>	<b>25.6</b>	<b>(9.9)</b>	<b>357.6%</b>
Non-controlling interest	(0.0)	0.0	538.4%	(0.0)	(0.0)	1768.8%
<b>Net Income (Loss) for the Period</b>	<b>14.2</b>	<b>(11.6)</b>	<b>222.0%</b>	<b>25.6</b>	<b>(9.9)</b>	<b>357.5%</b>
<b>Net Margin</b>	<b>3.8%</b>	<b>-3.9%</b>	<b>7.7 p.p.</b>	<b>3.5%</b>	<b>-1.6%</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)	1H19	2018	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	5.9	9.0	-35.1%
Marketable Securities	7.2	18.4	-60.9%
Trade Accounts Receivable	322.5	301.1	7.1%
Inventories	259.9	251.2	3.4%
Taxes Recoverable	32.6	39.2	-17.0%
Prepaid Expenses	10.6	7.2	46.6%
Other receivables	1.9	1.4	36.5%
<b>Total Current Assets</b>	<b>640.5</b>	<b>627.6</b>	<b>2.0%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	27.4	28.3	-3.3%
Taxes Recoverable	1.7	1.8	-5.6%
Deferred income and soc. contr. taxes	68.4	63.5	7.6%
Assets held for sale	0.2	0.2	-3.7%
Investment properties	25.7	25.6	0.1%
Judicial Deposits	7.3	6.5	12.4%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>141.7</b>	<b>137.1</b>	<b>3.4%</b>
Investments	-	-	0.0%
Biological Assets	418.1	420.1	-0.5%
Fixed Assets	1,027.0	1,001.2	2.6%
Intangible Assets	14.0	13.7	2.0%
<b>Total Permanent Assets</b>	<b>1,459.0</b>	<b>1,435.0</b>	<b>4.1%</b>
<b>Total Non-Current Assets</b>	<b>1,600.8</b>	<b>1,572.1</b>	<b>1.8%</b>
<b>Total Assets</b>	<b>2,241.2</b>	<b>2,199.7</b>	<b>1.9%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	156.8	166.2	-5.7%
Loans and Financing	274.0	287.0	-4.5%
Labor Liabilities	29.8	28.7	4.0%
Tax Liabilities	24.7	18.8	31.2%
Tax Installments	17.5	25.1	-30.5%
Advances from Clients	15.0	13.3	12.9%
Dividends and interest on equity payable	73.7	73.7	0.0%
Accounts Payable	32.3	33.9	-4.9%
Lease liabilities	17.0	-	0.0%
<b>Total Current Liabilities</b>	<b>640.7</b>	<b>646.7</b>	<b>-0.9%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	160.5	156.5	2.6%
Tax Installments	10.3	11.2	-7.6%
Deferred Income and Soc. Contr. Taxes	108.1	104.4	3.6%
Provision for Contingencies	18.0	18.0	0.0%
Lease liabilities	15.3	-	0.0%
<b>Total Long-Term Liabilities</b>	<b>312.3</b>	<b>290.1</b>	<b>7.7%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Revaluation Reserves	182.7	182.7	0.0%
Profit Reserve	503.6	503.6	0.0%
Asset Valuation Adjustment	89.8	89.8	0.0%
Other Comprehensive Income	1.4	1.6	-15.4%
Treasury Stock	(2.9)	(2.9)	0.0%
<b>Total Shareholder's Equity</b>	<b>1,288.3</b>	<b>1,263.0</b>	<b>2.0%</b>
Non-controlling interest	(0.0)	(0.0)	35.6%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,288.2</b>	<b>1,262.9</b>	<b>2.0%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,241.2</b>	<b>2,199.7</b>	<b>1.9%</b>

## Cash Flow

Cash Flow (R\$ 000)	1H19	1H18
<b>Net Income (Loss) before Income and Social Contribution Taxes</b>	<b>30.8</b>	<b>(13.7)</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	33.6	31.8
Exhaustion of biological assets	32.8	31.4
Residual Value of Fixed Assets Sold	-	0.4
Write-off of investments	(0.0)	0.0
Fair value variation in biological assets	(0.2)	(0.1)
Interest, Monetary and Exchange Variations, net	9.0	44.0
Provision (reversal) for liabilities and others	(3.1)	4.4
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	11.2	7.1
Trade accounts receivable	(21.0)	(12.0)
Inventories	(8.6)	1.5
Recoverable taxes	6.8	0.7
Deferred expenses	(3.4)	(2.3)
Judicial deposits	(0.8)	(1.0)
Other receivables	(0.5)	2.0
Trade accounts payable	(9.5)	(19.5)
Labor and Tax Liabilities	4.3	3.9
Tax Installments	(8.8)	(18.1)
Advances from Clients	1.7	(1.9)
Accounts payable	30.7	3.3
<b>Net Cash Flow from Operating Activities</b>	<b>105.0</b>	<b>61.8</b>
<b>Cash Flow from Investing Activities</b>		
Capital reduction in subsidiaries - translation adjustment	-	0.1
Addition to fixed assets	(59.9)	(26.4)
Addition to biological assets	(30.5)	(25.4)
<b>Net Cash Flow from Investing Activities</b>	<b>(90.5)</b>	<b>(51.6)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and debentures	(144.9)	(111.7)
Loans	127.1	108.8
Payment of dividends/Interest on equity	-	-
<b>Net cash provided by (used in) financing activities</b>	<b>(17.8)</b>	<b>(2.9)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(3.2)</b>	<b>7.3</b>
<b>Cash and Cash Equivalents</b>		
Opening balance of cash and cash equivalents	9.0	7.0
Closing balance of cash and cash equivalents	5.9	14.3
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>(3.2)</b>	<b>7.3</b>