



## 2Q20 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, wall partitions and doors segments, announces today its results for the 2nd quarter of 2020 (2Q20). The consolidated financial statements are presented in accordance with the 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 27, 2020  
11:00 a.m. (Brasília) / 10:00 a.m. (US EDT)

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

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## Highlights

2Q20 Net Revenue of R\$369.3 million (-1.0%)

Recurring EBITDA of R\$64.5 million (-10.1%), with Margin of 17.5%

Recurring Net Income of R\$18.3 million (-9.8%)

1H20 Net Revenue of R\$738.2 million (+1.2%)

Recurring EBITDA of R\$131.7 million (-4.8%), with Margin of 17.8%

Recurring Net Income of R\$6.9 million (-83.1%)

Amounts in R\$ million	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
Net Revenue	369.3	373.0	-1.0%	738.2	729.5	1.2%
Gross Income	113.3	102.9	10.1%	222.6	200.5	11.0%
Gross Margin (%)	30.7%	27.6%	3 p.p.	30.2%	27.5%	2.7 p.p.
EBITDA adjusted by non-cash events	63.2	62.6	1.1%	149.9	122.9	22.0%
EBITDA Margin (%)	17.1%	16.8%	0.3 p.p.	20.3%	16.8%	3.5 p.p.
Net Income (Loss)	17.5	14.2	22.9%	62.3	25.6	143.8%
<b>Recurring Net Income (Loss)</b>	<b>18.3</b>	<b>20.3</b>	<b>-9.8%</b>	<b>6.9</b>	<b>35.7</b>	<b>-80.6%</b>
Net Debt	464.9	421.4	10.3%	464.9	421.4	10.3%
Net Debt / EBITDA (LTM)	1.7	1.8	-6.3%	1.7	1.6	3.7%
<b>Recurring Adjusted EBITDA</b>	<b>64.5</b>	<b>71.7</b>	<b>-10.1%</b>	<b>131.7</b>	<b>138.3</b>	<b>-4.8%</b>
<b>Recurring Adjusted EBITDA Margin (%)</b>	<b>17.5%</b>	<b>19.2%</b>	<b>-1.7 p.p.</b>	<b>17.8%</b>	<b>19.0%</b>	<b>-1.2 p.p.</b>

## Management Comments

The Company's performance in 2Q20 was reflected in the actions taken in light of the challenging scenario that began in March 2020, when physical distancing measures were adopted in Brazil and many other countries due to the Covid-19 pandemic.

By the end of March and throughout April, the Company registered a sharp decline in its revenue due to Covid-19. Moreover, several term extensions of trade notes and average billing terms were granted as an extraordinary measure to assist clients, who, due to the drastic decline in sales, could not honor their commitments. Without adequate credit lines to meet the higher working capital needs, the Company turned to its suppliers and renegotiated agreements that helped us to go through the most drastic phase of 2Q20.

In April, May and a part of June, the Company adopted several measures that included a reduction in working hours at all plants and offices by 25% to 50% until the end of June. This enabled us to manage inventory levels and reduce the pressure on cash.

As the quarter progressed, we noticed a recovery in sales of product lines targeted at the construction market, a sector that was classified as an essential activity and hence the stores were not shut down. Exports dropped slightly in April, but recovered in the subsequent months. The segments worst affected by the pandemic were Furniture and Wood Resales, which registered a sales uptake at the end of the quarter.

Against this backdrop, in July 2020, with the end of the suspension of work shifts and wages at plants, the Company resumed normal operations.

Management believes that the measures to aid the economy, such as support to states and, above all, the emergency aid, influenced demand for construction materials and should also affect the demand for furniture, which is one of the reasons for the recovery of revenue to normal levels, in addition to the strategy adopted by management during the pandemic in the domestic market and since 2019 regarding exports.

The ABRAMAT (Brazilian Construction Materials Industry Association) Index, which measures the performance of construction material industries, dropped 14.2% in 1H20, even though some sectors of the industry are reporting growth.

Indicators for the panels market, which includes MDF/HDF/MDP/Fiberboard sales, according to IBA (Brazilian Tree Industry) figures and the Company's estimates, declined 22.2% in the domestic market and 12.3% in the export market in 2Q20 compared to 2Q19.

The declines in April and May were quite sharp for MDF/MDP in the domestic market, at 57% and 29%, respectively, with the sector recovering in June. The retail shutdown and the pursuit of liquidity by companies in the sector led them to cut down orders and reduce inventories in 2Q20. This rebound

across the sector continued throughout July, which, according to Ibá data, was 28.7% higher than in the same period in 2019.

## Eucatex vs. COVID-19

With the announcement of the first COVID-19 cases, the Company organized itself to minimize the impacts on its business. On April 24, through a Notice to the Market, it informed the measures taken since the second week of March 2020.

The Company has not spared efforts to contain the spread of COVID-19 among its employees, having established the Coronavirus Committee to intensify preventive measures and closely monitoring its operations in order to safeguard the health of its employees and third parties, as well as the maintenance of its operations.

Relevant information is promptly shared through the Company's communication channels. Lectures are also being held at diverse areas, without gatherings and with the presence of doctors and health professionals, reinforcing the hygiene protocols, always in compliance with the new guidelines determined by WHO and/or government agencies. To date, the Company has registered 54 cases, 43 of whom have recovered and 11 are still recovering.

The measures taken include:

- Dissemination of physical distancing concepts and instructions for employees to adopt them at work and home;
- Home office, as well as early vacations, reduced work shifts and wages;
- Suspension of travel, as well as onsite training and meetings;
- Preference given to contacting clients and suppliers through phone calls or videoconferencing;
- Leave for administrative and operational employees over 60 years old, with the emphasis on their staying home;
- Buses and vehicles used to transport employees and contractors must have their windows open during the whole trip;
- Cleaning of vehicles with alcohol or bleach solution, especially handrails, seats and other surfaces with possible contact, every day before and after transport;
- Extended meal times and breaks so that the minimum distance of one and a half meters is kept or, if necessary, division of teams into smaller groups;
- Frequent cleaning of doorknobs, handrails and common areas;
- Employees having their temperature measured while arriving at plants;
- Acquisition and supply of protection equipment, such as masks for COVID-19 prevention;



- Production of hand sanitizer at the Paint and Varnish unit to supply all of the Company's plants, offices, farms and other environments, and distribution to employees to take home for use;
- Reduction of 25% in executive officers' compensation, with the Chief Executive Officer giving up his entire compensation;
- Implementation of emergency cost cutting policy in all areas;
- Presentation of management proposal for capital Increase and suspension of dividend payments to be submitted for approval by the Annual and Extraordinary Shareholders Meeting (AESM).

## Operating Performance and Results

Sales volume in the Company's Wood segment, considering both domestic and export markets, decreased 31.9% in 2Q20, compared to the same period last year. In the first half of 2020, sales declined 19.4%. The quarter's performance is a result of the drop in domestic sales (-37.1%) and exports (-6.0%). Domestic sales ended 1H20 down 24.4%, while exports grew 8.6%. According to IBÁ and Eucatex estimates, the Panels Market as a whole declined 20.7% in 2Q20 and 9.7% in 1H20, compared to the same periods last year. The Company's performance, which was worse than market performance, is mainly due to MDP sales to the Furniture Industry and specifically to some clients that accounted for a significant share of sales and who did not buy anything in 2Q20.

Despite the drop in sales in 2Q20, June and July were positive for the market and the Company, and will enable plants to resume normal production starting from July.

As for Wood sales in the export market, the company's focus in 2019 was on acquiring new clients and entering new markets, which enabled the company to record significant sales growth even during the pandemic, which helped cushion the decline in domestic sales.

Paint sales increased 29.3% in 2Q20 and 11.2% in 1H20, respectively, from the same periods in 2019. This was only possible thanks to the strategy adopted by management to extend payment terms for all clients who upheld their orders. Despite the sharp impact on the Group's working capital, the measure proved successful for the Paint division. According to ABRAFATI (Brazilian Paint Manufacturers Association), the market contracted 15.0% in 2Q20 and 11.7% in 1H20 compared to the same periods in 2019.

## Operating Performance base 100 - 2005

Physical Sales	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
Wood Panels (DM)	102	156	-34.8%	126	163	-22.9%
Wood Panels (EM)	171	182	-6.1%	175	161	8.6%
Paints	436	338	29.3%	393	354	11.2%

DM - Domestic Market / EM - Export Market

## Net Revenue

Net Revenue Breakdown (R\$ million)	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
Wood Segment	231.0	285.3	-19.0%	506.6	550.1	-7.9%
Paint Segment	97.0	69.6	39.4%	161.9	136.8	18.4%
Other	41.2	18.1	127.8%	69.7	42.6	63.4%
<b>Net Revenue</b>	<b>369.3</b>	<b>373.0</b>	<b>-1.0%</b>	<b>738.2</b>	<b>729.5</b>	<b>1.2%</b>

Net revenue totaled R\$369.0 million in 2Q20, compared to R\$373.0 million in 2Q19, down 1.2%. In 1H20, net revenue amounted to R\$738.2 million, as against R\$729.2 million in 1H19, up 1.2%. In the Wood Segment, revenue dropped 19.0% in 2Q20, due to the decline in sales volume and worse sales mix when compared to 2Q19. NOR in 1H20 was 7.9% lower than in 1H19. Net revenue from the Paint segment grew 39.4% in 2Q20 from the same period last year, reflecting the higher sales volume and prices, which increased to match the increase in costs. Paint sales grew 18.4% in 1H20 as against 1H19.

## Recurring Cost of Goods Sold (COGS)

COGS decreased 5.3% in 2Q20 compared to 2Q19. In 2Q20, there was a positive variation in the fair value of biological assets, which had not occurred in 2019 – excluding the effect of biological assets, costs fell 1.5%. Compared to last year, there was an adjustment in fixed costs, with a significant reduction in maintenance costs and other production expenses due to the shutdowns of plants on account of the 25% to 50% reduction in the working hours at all plants in April and May. In June, the reduction in working hours was partial. A variation of 0.7% was registered in 1H20 compared to 1H19, reflecting the fair value of biological assets and the cost reductions in 2Q20. Regarding raw materials, the exchange variation effect was felt at the end of 1H20 and had its impact diluted.

## Fair Value of Biological Assets

In 2Q20, the fair value of biological assets was R\$10.3 million, affected by the variation in the discount rate due to the decline in interest rates and the Brazil Risk.

## Recurring Gross Profit and Gross Margin

Gross profit amounted to R\$113.3 million in 2Q20, as against R\$102.9 million in 2Q19, up 10.1%, mainly due to the variation in the fair value of biological assets. Gross profit in 1H20 was R\$222.6 million, an increase of 11% from R\$200.5 million in 1H19. This difference mainly reflects the adjustment in fair value of biological assets due to the upswing in wood prices and the reduction in interest rates.

## Recurring Operating Expenses

Breakdown of Expenses (R\$ million)	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
General and Administrative	(14.5)	(16.5)	-12.3%	(31.1)	(31.9)	-2.5%
Selling	(55.0)	(50.0)	9.9%	(106.4)	(99.0)	7.4%
<b>Total Operating Expenses</b>	<b>(69.5)</b>	<b>(66.5)</b>	<b>4.4%</b>	<b>(137.5)</b>	<b>(130.9)</b>	<b>5.0%</b>
<b>% Net Revenue</b>	<b>18.8%</b>	<b>17.8%</b>	<b>1 p.p.</b>	<b>18.6%</b>	<b>17.9%</b>	<b>0.7 p.p.</b>
Other Operating Income and Expenses	(0.1)	0.6	-118.3%	1.8	2.6	-30.3%

Operating expenses in 2Q20 corresponded to 18.8% of Net Revenue, up 1 p.p. from the same period last year, mainly due to the increased share of total revenue from Exports and Construction sales, whose variable selling expenses are higher than those of other segments. In 1H20, selling expenses corresponded to 18.6% of NOR, up 0.7 p.p. from 1H19, for basically the same reasons above.

## Recurring EBITDA and EBITDA Margin

As a result of the above, Recurring EBITDA totaled R\$64.5 million, down 10.1% from 2Q19. Recurring EBITDA Margin reached 17.5% in 2Q20, decreasing 1.7 p.p. from the same period last year. In 1H20, recurring EBITDA amounted to R\$131.7 million, down 4.8% from 1H19, while Recurring EBITDA Margin fell 1.2 p.p.

EBITDA Reconciliation (R\$ million)	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
Net Income (Loss)	17.5	14.2	22.9%	62.3	25.6	143.8%
Income and Social Contribution Taxes	12.8	1.7	630.5%	46.8	5.2	804.5%
Net Financial Income (Loss)	12.3	11.8	3.8%	(4.0)	26.0	-115.4%
<b>EBIT</b>	<b>42.5</b>	<b>27.8</b>	<b>53.1%</b>	<b>105.1</b>	<b>56.7</b>	<b>85.4%</b>
Depreciation and Amortization	31.0	35.1	-11.7%	64.9	66.4	-2.4%
<b>EBITDA under CVM instr. 527/12</b>	<b>73.5</b>	<b>62.9</b>	<b>16.9%</b>	<b>170.0</b>	<b>123.1</b>	<b>38.0%</b>
<b>EBITDA Margin</b>	<b>19.9%</b>	<b>16.9%</b>	<b>3 p.p.</b>	<b>23.0%</b>	<b>16.9%</b>	<b>6.1 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(10.3)	(0.3)	3393.3%	(20.1)	(0.2)	8834.9%
<b>EBITDA adjusted by non-cash events</b>	<b>63.2</b>	<b>62.6</b>	<b>1.1%</b>	<b>149.9</b>	<b>122.9</b>	<b>22.0%</b>
<b>Non-recurring operational events</b>	<b>1.2</b>	<b>9.2</b>	<b>-86.8%</b>	<b>(18.2)</b>	<b>15.4</b>	<b>-218.4%</b>
<b>Recurring adjusted EBITDA</b>	<b>64.5</b>	<b>71.7</b>	<b>-10.1%</b>	<b>131.7</b>	<b>138.3</b>	<b>-4.8%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>17.5%</b>	<b>19.2%</b>	<b>-1.7 p.p.</b>	<b>17.8%</b>	<b>19.0%</b>	<b>-1.2 p.p.</b>

## Recurring Net Income

Recurring Net Income, excluding the effect of non-recurring expenses, net of Income Tax, amounted to R\$18.3 million.

Non-recurring events in 2Q20, amounting to an expense of R\$1.2 million, were mainly related to labor lawsuits and terminations. In 1H20, non-recurring expenses consist of the following: a) Revenue of R\$115 million from lawsuits in which the Company and its Subsidiary obtained favorable final and unappealable decisions, which sought to exclude ICMS from the PIS and COFINS calculation base, net of lawyer's fees; b) expenses of R\$15.8 million associated with the recognition of the installment payment plan; and c) expenses of R\$15.3 million regarding labor lawsuits and terminations and an increase in the estimated allowance for doubtful accounts. Non-recurring events in 2Q20, amounting to an expense of R\$9.2 million, were mainly related to labor lawsuits and terminations.

## Debt

The Company's net debt at the end of 2Q20 was R\$464.9 million and was equivalent to 1.7 times its annualized recurring EBITDA.



Debt (R\$ Million)	1H20	2019	Var. (%)	1H19	Var. (%)
Short Term Debt	298.9	240.2	24.4%	274.0	9.1%
Long Term Debt	190.8	193.0	-1.1%	160.5	18.8%
<b>Gross Debt</b>	<b>489.6</b>	<b>433.2</b>	<b>13.0%</b>	<b>434.5</b>	<b>12.7%</b>
Cash and Cash Equivalents	24.7	18.5	34.0%	13.1	89.1%
<b>Net Debt</b>	<b>464.9</b>	<b>414.7</b>	<b>12.1%</b>	<b>421.4</b>	<b>10.3%</b>
% Short Term Debt	61%	55%	6 p.p.	63%	-2 p.p.
<b>Net Debt/Recurring EBITDA</b>	<b>1.7</b>	<b>1.5</b>	<b>11.4%</b>	<b>1.6</b>	<b>3.7%</b>

## Investments

Investments in 2Q20 totaled R\$37.4 million and were allocated to maintaining the Company's industrial and forest operations. For 2020, investments of around R\$136.5 million are planned, an increase of 11.3% from 2019, which will be used to acquire a new boiler for the Botucatu Fiberboard unit and the balance allocated to maintain the Company's factories and to grow and maintain its forests.

## Sustainability

Eucatex's forest sustainability is assured by 51,600 hectares of forests, all located in the state of São Paulo.

The Company is recognized for its sustainable development practices and was the first in the industry to obtain the 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 2 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 1H20 at R\$6.49. The Company's market capitalization at the end of the period was R\$601.1 million, around 43% of its book value.

## About Eucatex

Eucatex S.A. Indústria e Comércio, which completes 69 years in 2020, 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 2,778 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 maintaining professional independence. These principles are based on the premise that the auditor must not examine their own work, perform managerial functions or practice law on behalf of clients. In 1H20, 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)	2Q20	2Q19	Var. (%)	1H20	1H19	Var. (%)
<b>Gross Revenue</b>	<b>430.4</b>	<b>450.1</b>	<b>-4.4%</b>	<b>867.4</b>	<b>882.2</b>	<b>-1.7%</b>
Sales taxes and Deductions	(61.2)	(77.1)	-20.7%	(129.1)	(152.6)	-15.4%
<b>Net Revenue</b>	<b>369.3</b>	<b>373.0</b>	<b>-1.0%</b>	<b>738.2</b>	<b>729.5</b>	<b>1.2%</b>
Fair value variation in biological assets	10.3	0.3	3393.3%	20.1	0.2	8834.9%
Cost of Goods Sold	(266.2)	(270.4)	-1.5%	(535.7)	(529.3)	1.2%
<b>Gross Income</b>	<b>113.3</b>	<b>102.9</b>	<b>10.1%</b>	<b>222.6</b>	<b>200.5</b>	<b>11.0%</b>
<b>% Gross Margin</b>	<b>30.7%</b>	<b>27.6%</b>	<b>3.1 p.p.</b>	<b>30.2%</b>	<b>27.5%</b>	<b>2.7 p.p.</b>
Selling Expenses	(55.0)	(50.0)	9.9%	(106.4)	(99.0)	7.4%
General and Administrative Expenses	(13.4)	(15.0)	-10.4%	(28.2)	(28.7)	-1.9%
Management Compensation	(1.1)	(1.6)	-29.5%	(2.9)	(3.2)	-8.4%
Other Operating Income / (Expenses)	(0.1)	0.6	-118.3%	1.8	2.6	30.3%
<b>Operating Income (Expenses)</b>	<b>(69.6)</b>	<b>(66.0)</b>	<b>5.5%</b>	<b>(135.7)</b>	<b>(128.4)</b>	<b>5.7%</b>
<b>Net Income before Financial Result</b>	<b>43.7</b>	<b>36.9</b>	<b>18.3%</b>	<b>86.9</b>	<b>72.1</b>	<b>20.5%</b>
Financial Income (Expense)	(12.3)	(11.8)	-3.8%	(61.6)	(26.0)	-137.2%
Non-recurring Income (Expense)	(1.2)	(9.2)	86.8%	83.9	(15.4)	644.5%
<b>Net Income after Financial Result</b>	<b>30.2</b>	<b>16.0</b>	<b>89.3%</b>	<b>109.2</b>	<b>30.8</b>	<b>255.0%</b>
Provision for Income and Soc. Contr. Taxes	(12.8)	(1.7)	630.5%	(46.8)	(5.2)	804.5%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>17.5</b>	<b>14.2</b>	<b>22.8%</b>	<b>62.3</b>	<b>25.6</b>	<b>143.7%</b>
Non-controlling interest	0.0	(0.0)	-123.9%	(0.0)	(0.0)	-41.9%
<b>Net Income (Loss) for the Period</b>	<b>17.5</b>	<b>14.2</b>	<b>22.9%</b>	<b>62.3</b>	<b>25.6</b>	<b>143.8%</b>
<b>Net Margin</b>	<b>4.7%</b>	<b>3.8%</b>	<b>0.9 p.p.</b>	<b>8.4%</b>	<b>3.5%</b>	<b>4.9 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)	1H20	2019	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	10.0	8.0	24.4%
Marketable Securities	14.7	10.4	41.4%
Trade Accounts Receivable	384.2	344.0	11.7%
Inventories	261.4	261.7	-0.1%
Taxes Recoverable	39.3	44.9	-12.4%
Prepaid Expenses	16.5	13.5	21.6%
Other receivables	1.9	2.6	-26.7%
<b>Total Current Assets</b>	<b>727.9</b>	<b>685.2</b>	<b>6.2%</b>
<b>Non-Current Assets</b>			
<b>Long-Term Assets</b>			
Trade Accounts Receivable	23.2	24.7	-6.1%
Taxes Recoverable	119.4	1.7	7080.2%
Income and social contribution taxes	79.6	67.4	18.1%
Assets held for sale	0.2	0.2	-5.0%
Investment properties	25.6	25.6	0.0%
Judicial Deposits	7.9	7.6	3.4%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>267.1</b>	<b>138.3</b>	<b>93.1%</b>
Investments	-	-	0.0%
Biological Assets	458.4	433.8	5.7%
Fixed Assets	1,041.9	1,027.7	1.4%
Intangible Assets	13.9	13.9	-0.3%
<b>Total Permanent Assets</b>	<b>1,514.2</b>	<b>1,475.5</b>	<b>6.7%</b>
<b>Total Non-Current Assets</b>	<b>1,781.3</b>	<b>1,613.8</b>	<b>10.4%</b>
<b>Total Assets</b>	<b>2,509.2</b>	<b>2,299.0</b>	<b>9.1%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	143.1	165.5	-13.5%
Loans and Financing	298.9	240.2	24.4%
Labor Liabilities	38.6	29.9	29.1%
Tax Liabilities	66.3	18.1	265.6%
Related Parties	4.1	-	0.0%
Tax Installments	23.9	8.1	194.3%
Advances from Clients	26.2	18.0	45.7%
Dividends and interest on equity payable	72.8	72.8	0.0%
Accounts Payable	41.3	27.7	49.2%
Lease liabilities	17.0	18.3	-7.0%
<b>Total Current Liabilities</b>	<b>732.1</b>	<b>598.5</b>	<b>22.3%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	190.8	193.0	-1.1%
Tax Installments	18.4	29.0	-36.8%
Deferred Income and Soc. Contr. Taxes	118.1	113.6	4.0%
Provision for Contingencies	18.0	18.0	0.0%
Related parties	8.0	-	0.0%
Passivos de arrendamentos	27.9	20.2	38.6%
<b>Total Long-Term Liabilities</b>	<b>381.2</b>	<b>373.8</b>	<b>2.0%</b>
<b>Shareholder's Equity</b>			
Capital	488.2	488.2	0.0%
Revaluation Reserves	182.7	182.7	0.0%
Profit Reserve	569.3	569.3	0.0%
Asset Valuation Adjustment	89.8	89.8	0.0%
Other Comprehensive Income	6.7	(0.3)	-2568.9%
Treasury Stock	(2.9)	(2.9)	0.0%
Accrued earnings	62.3	-	0.0%
<b>Total Shareholder's Equity</b>	<b>1,396.0</b>	<b>1,326.7</b>	<b>5.2%</b>
Non-controlling interest	(0.1)	(0.1)	14.6%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,395.9</b>	<b>1,326.7</b>	<b>5.2%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,509.2</b>	<b>2,299.0</b>	<b>9.1%</b>

## Cash Flow

Cash Flow (R\$ 000)	1H20	1H19
<b>Net Income (Loss) before Income and Social Contribution Taxes</b>	<b>62.3</b>	<b>25.6</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
Depreciation and Amortizations	35.8	33.6
Exhaustion of biological assets	29.1	32.8
Write-off of investments	(0.0)	(0.0)
Fair value variation in biological assets	(20.1)	(0.2)
Interest, Monetary and Exchange Variations, net	63.8	9.0
Income tax and social contribution	54.6	6.3
Provision for tax gains	(126.4)	-
Income and social contribution taxes - deferred	(7.7)	(1.1)
Other provisions	18.3	(3.1)
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	(4.3)	11.2
Trade accounts receivable	(43.5)	(21.0)
Inventories	0.3	(8.6)
Recoverable taxes	14.2	6.8
Income and social contribution taxes - deferred	0.0	-
Deferred expenses	(2.9)	(3.4)
Judicial deposits	(0.3)	(0.8)
Other receivables	0.7	(0.5)
Trade accounts payable	(22.4)	(9.5)
Labor and Tax Liabilities	2.8	4.3
Tax Installments	5.1	(8.8)
Advances from Clients	8.2	1.7
Accounts payable	29.9	30.7
<b>Net Cash Flow from Operating Activities</b>	<b>97.4</b>	<b>105.0</b>
Income and social contribution taxes paid	-	-
<b>Net cash provided by (used in) operating activities</b>	<b>97.4</b>	<b>105.0</b>
<b>Cash Flow from Investing Activities</b>		
Capital decrease in subsidiaries	-	-
Addition to fixed assets	(54.4)	(59.9)
Addition to biological assets	(33.6)	(30.5)
<b>Net Cash Flow from Investing Activities</b>	<b>(87.9)</b>	<b>(90.5)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and financing	(155.4)	(144.9)
Amortization of leases	(12.3)	-
New loans and financing	148.2	127.1
Loans with related parties	12.0	-
<b>Net cash used in financing activities</b>	<b>(7.5)</b>	<b>(17.8)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>2.0</b>	<b>(3.2)</b>
<b>Cash and Cash Equivalents</b>		
Opening balance of cash and cash equivalents	8.0	9.0
Closing balance of cash and cash equivalents	10.0	5.9
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>2.0</b>	<b>(3.2)</b>