

## 3Q20 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 3<sup>rd</sup> quarter of 2020 (3Q20). 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.

### **Public Meeting**

*(Portuguese only)*

100% online

November 12, 2020

4:30 p.m. (Brasília)

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

*An English transcript will be made available after the event*

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## Highlights

**3Q20** Net Revenue of R\$531.4 million (+33.3%)

Recurring EBITDA of R\$117.2 million (+57.0%), with Margin of 22.0%

Recurring Net Income of R\$46.3 million (+172.0%)

**9M20** Net Revenue of R\$1,269.7 million (+12.5%)

Recurring EBITDA of R\$248.8 million (+16.8%), with Margin of 19.6%

Recurring Net Income of R\$53.3 million (+1.0%)

Amounts in R\$ million	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Net Revenue	531.4	398.7	33.3%	1,269.7	1,128.3	12.5%
Gross Income	183.3	117.7	55.8%	406.0	318.2	27.6%
Gross Margin (%)	34.5%	29.5%	5 p.p.	32.0%	28.2%	3.8 p.p.
EBITDA adjusted by non-cash events	113.3	78.9	43.5%	263.2	201.8	30.4%
EBITDA Margin (%)	21.3%	19.8%	1.5 p.p.	20.7%	17.9%	2.8 p.p.
Net Income (Loss)	43.8	19.9	120.4%	106.1	45.4	133.5%
<b>Recurring Net Income (Loss)</b>	<b>46.3</b>	<b>17.0</b>	<b>172.0%</b>	<b>53.3</b>	<b>52.8</b>	<b>1.0%</b>
Net Debt	440.3	426.2	3.3%	440.3	426.2	3.3%
Net Debt / EBITDA (LTM)	1.4	1.5	-11.3%	1.4	1.5	-11.3%
<b>Recurring Adjusted EBITDA</b>	<b>117.2</b>	<b>74.6</b>	<b>57.0%</b>	<b>248.8</b>	<b>213.0</b>	<b>16.8%</b>
<b>Recurring Adjusted EBITDA Margin (%)</b>	<b>22.0%</b>	<b>18.7%</b>	<b>3.3 p.p.</b>	<b>19.6%</b>	<b>18.9%</b>	<b>0.7 p.p.</b>

## Management Comments

The Company started 3Q20 with all its plants operating normally, already reflecting the rebound in activities in late 2Q20. By quickly resuming its operations, it took advantage of the recovery in economic activity after the economy was heavily battered initially due to the adoption of physical distancing measures in Brazil and other countries on account of Covid-19.

In contrast to the second quarter, which was marked by actions aimed at maintaining liquidity, which included cutting down production and investments, postponement of payments and operating activities as a whole, 3Q20 was marked by the strong recovery of demand across all segments of the Company's operations in both the domestic and export markets.

During the critical period at the start of the adoption of physical distancing measures, demand fell steeply and the Company supported its business partners by lengthening sales terms and granting term extensions of trade notes, while the drop in sales hampered the building of inventories. The scenario was completely different in 3Q20 – receipts, terms and inventories all went back to normal.

The Company registered the highest-ever utilization rates in some of its main production lines and even broke revenue records. At first, actions focused on increasing exports due to the fragility of the domestic market, proved right and were reinforced by the weakening real, which improved the profitability from exports.

Emergency aid measures that pumped billions of reais in the economy favored consumption and the Company's business segments that are associated with decoration and construction. With people at home due to the lockdown and the expansion of remote work, minor home renovations increased, which helped drive the performance of the construction sector and is likely to sustain its recovery trend due to the continuity of emergency aid and low interest rates.

The ABRAMAT (Brazilian Construction Materials Industry Association) Index, which measures the performance of construction material industries, fell 5.6% in 9M20, lower than the 14.2% drop in 1H20, reflecting the excellent performance by the sector. ABRAMAT revised its forecast for 2020 to a decline of 2.8%, showing its confidence that the sales growth will continue.

Indicators for the panels market, which includes MDF/HDF/MDP/Fiberboard sales, according to IBÁ (Brazilian Tree Industry) figures and the Company's estimates, increased 20.9% in the domestic market and 12.7% in the export market in 3Q20 compared to 3Q19.

Despite the sharp decline in April and May, particularly in MDF/MDP in 9M20, the indicators for panels ended the period with positive numbers: up 0.6% in the domestic market and 2.1% in the export market compared to 9M19, reflecting the sector's recovery that started in July.

## Operating Performance and Results

Sales volume in the Company's Wood segment, considering both domestic and export markets, increased 8.7% in 3Q20 compared to the same period last year. In 9M20, sales declined 10.6%. The quarterly performance is the result of stable domestic sales (+0.4%) and the upswing in exports (+39.2%). In 9M20, domestic sales declined 14.9%, while exports grew 20.1%. According to IBÁ and Eucatex estimates, the Panels Market as a whole increased 19.8% in 3Q20 and 0.8% in 9M20, compared to the same periods last year.

The Company's performance, which was weaker than market performance, reflects the production shutdowns in 2Q20 since some of its main clients in the furniture industry did not place any orders and also due to the growth in exports, which, during the initial period of the crisis caused by the outbreak of the pandemic, kept sales up.

In 3Q20, with the supply chain running low and demand on the rise, the Company was unable to keep up with the growth in market volumes due to its limited capacity. However, revenue in the Wood Segment improved, driven by the sales of higher value-added products, which is what the Company always seeks and is better aligned with its strategy in periods of strong demand in both the domestic and export markets.

Paint sales increased 48.0% in 3Q20 and 24.7% in 9M20, respectively, from the same periods in 2019. Demand in the Paint segment remained high and, combined with the Company's successful strategy rolled out in 2019, helped it to outgrow the market. According to ABRAFATI (Brazilian Paint Manufacturers Association), the market expanded 24.3% in 3Q20 and 1.7% in 9M20 compared to the same periods in 2019.

### Operating Performance base 100 - 2005

Physical Sales	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Wood Panels (DM)	178	174	2.2%	142	166	-14.9%
Wood Panels (EM)	326	234	39.2%	219	182	20.1%
Paints	503	340	48.0%	435	349	24.7%

DM - Domestic Market / EM - Export Market

## Net Revenue

Net Revenue Breakdown (R\$ million)	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Wood Segment	377.1	287.8	31.0%	883.6	837.9	5.5%
Paint Segment	126.0	81.6	54.4%	287.9	218.4	31.8%
Other	28.3	29.4	-3.5%	98.1	72.0	36.3%
<b>Net Revenue</b>	<b>531.4</b>	<b>398.7</b>	<b>33.3%</b>	<b>1,269.7</b>	<b>1,128.3</b>	<b>12.5%</b>

Total net revenue in 3Q20 came to R\$531.4 million, compared to R\$398.7 million in 3Q19, up 33.3%. In 9M20, total net revenue was R\$1,269.7 million, as against R\$1,128.3 million in 9M19, growing 12.5%. In the Wood Segment, revenue grew 31.1% in 3Q20 from 3Q19, reflecting the higher export volumes. NOR in 9M20 rose 5.5% compared to 9M19. Net revenue from the Paint Segment jumped 51.1% in 3Q20 from the same period last year, due to higher sales volume and prices, which rose to match the increase in costs. Paint sales grew 39.7% in 9M20 as against 9M19.

## Recurring Cost of Goods Sold (COGS)

COGS increased 22.1% in 3Q20 compared to 3Q19. Input costs have come under strong pressure due to the weaker real and the rising demand for commodities around the world. The impact of this factor was not felt in costs, whose growth was lower than that of sales, thanks to improved productivity in all lines. A variation of 8.6% was registered in 9M20 compared to 9M19, in alignment with sales growth.

## Fair Value of Biological Assets

In 3Q20, the fair value of biological assets was R\$6.1 million, affected by the expansion of planted areas in the quarter.

## Recurring Gross Profit and Gross Margin

Gross profit amounted to R\$183.3 million in 3Q20, as against R\$117.7 million in 3Q19, up 55.8%, mainly due to the gains in productivity on account of the high utilization rates of production lines and the variation in the fair value of biological assets. Gross profit in 9M20 was R\$406.0 million, an increase of 27.6% from R\$318.2 million in 9M19.

## Recurring Operating Expenses

Breakdown of Expenses (R\$ million)	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
General and Administrative	(17.1)	(16.0)	7.1%	(48.3)	(47.9)	0.7%
Selling	(74.1)	(52.9)	39.9%	(180.4)	(151.9)	18.7%
<b>Total Operating Expenses</b>	<b>(91.2)</b>	<b>(68.9)</b>	<b>32.3%</b>	<b>(228.7)</b>	<b>(199.8)</b>	<b>14.4%</b>
<b>% Net Revenue</b>	<b>17.2%</b>	<b>17.3%</b>	<b>-0.1 p.p.</b>	<b>18.0%</b>	<b>17.7%</b>	<b>0.3 p.p.</b>
Other Operating Income and Expenses	0.2	1.2	-81.8%	2.0	3.8	-47.2%

Operating expenses in 3Q20 corresponded to 17.2% of Net Revenue, remaining stable 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 9M20, selling expenses corresponded to 18.0% of NOR, up 0.3 p.p. from 9M19, basically due to the same reasons.

## Recurring EBITDA and EBITDA Margin

As a result of the above, recurring EBITDA amounted to R\$117.2 million, growing 57.0% from 3Q19. Recurring EBITDA Margin reached 22.0% in 3Q20, increasing 3.3 p.p. from the same period last year. In 9M20, recurring EBITDA amounted to R\$248.8 million, up 16.8% from 9M19, while Recurring EBITDA Margin rose 0.7 p.p.

EBITDA Reconciliation (R\$ million)	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
Net Income (Loss)	43.8	19.9	120.4%	106.1	45.4	133.5%
Income and Social Contribution Taxes	22.7	13.3	70.9%	69.6	18.5	276.7%
Net Financial Income (Loss)	22.0	21.2	4.1%	18.0	47.1	-61.8%
<b>EBIT</b>	<b>88.5</b>	<b>54.3</b>	<b>63.0%</b>	<b>193.6</b>	<b>111.0</b>	<b>74.4%</b>
Depreciation and Amortization	30.9	33.6	-8.1%	95.7	100.0	-4.3%
<b>EBITDA under CVM instr. 527/12</b>	<b>119.4</b>	<b>87.9</b>	<b>35.8%</b>	<b>289.4</b>	<b>211.0</b>	<b>37.1%</b>
<b>EBITDA Margin</b>	<b>22.5%</b>	<b>22.0%</b>	<b>0.5 p.p.</b>	<b>22.8%</b>	<b>18.7%</b>	<b>4.1 p.p.</b>
<b>Non-cash adjustments</b>						
Fair value variation in biological assets	(6.1)	(9.0)	-31.9%	(26.2)	(9.2)	184.9%
<b>EBITDA adjusted by non-cash events</b>	<b>113.3</b>	<b>78.9</b>	<b>43.5%</b>	<b>263.2</b>	<b>201.8</b>	<b>30.4%</b>
<b>Non-recurring operational events</b>	<b>3.9</b>	<b>(4.3)</b>	<b>-191.3%</b>	<b>(14.3)</b>	<b>11.1</b>	<b>-228.8%</b>
<b>Recurring adjusted EBITDA</b>	<b>117.2</b>	<b>74.6</b>	<b>57.0%</b>	<b>248.8</b>	<b>213.0</b>	<b>16.8%</b>
<b>Adjusted recurring EBITDA Margin</b>	<b>22.0%</b>	<b>18.7%</b>	<b>3.3 p.p.</b>	<b>19.6%</b>	<b>18.9%</b>	<b>0.7 p.p.</b>

## Recurring Net Income

Recurring Net Income, excluding the effect of non-recurring expenses, net of income tax, amounted to R\$46.3 million.

Non-recurring events in 3Q20, amounting to an expense of R\$3.9 million, were mainly related to labor lawsuits and terminations. In 9M20, 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\$19.2 million regarding labor lawsuits and terminations and an increase in the estimated allowance for doubtful accounts; and c) other expenses of R\$15.8 million.

## Debt

The Company's net debt at the end of 3Q20 was R\$440.3 million and was equivalent to 1.4 times its annualized recurring EBITDA.

Debt (R\$ Million)	9M20	1H20	Var. (%)	9M19	Var. (%)
Short Term Debt	320.6	298.9	7.3%	268.7	19.3%
Long Term Debt	199.1	190.8	4.4%	176.3	12.9%
<b>Gross Debt</b>	<b>519.7</b>	<b>489.6</b>	<b>6.1%</b>	<b>445.1</b>	<b>16.8%</b>
Cash and Cash Equivalents	79.4	24.7	221.0%	18.9	321.0%
<b>Net Debt</b>	<b>440.3</b>	<b>464.9</b>	<b>-5.3%</b>	<b>426.2</b>	<b>3.3%</b>
% Short Term Debt	62%	61%	1 p.p.	60%	2 p.p.
<b>Net Debt/Recurring EBITDA</b>	<b>1.4</b>	<b>1.7</b>	<b>-17.6%</b>	<b>1.5</b>	<b>-11.3%</b>

## Investments

Investments in 3Q20 totaled R\$43.8 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 51,900 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 9M20 at R\$6.39. The Company's market capitalization at the end of the period was R\$591.8 million, around 41% 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 2,771 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 9M20, 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.*

## Statement of Income

Income Statement (R\$ million)	3Q20	3Q19	Var. (%)	9M20	9M19	Var. (%)
<b>Gross Revenue</b>	<b>626.9</b>	<b>476.1</b>	<b>31.7%</b>	<b>1,494.3</b>	<b>1,358.3</b>	<b>10.0%</b>
Sales taxes and Deductions	(95.5)	(77.4)	23.4%	(224.6)	(230.0)	-2.3%
<b>Net Revenue</b>	<b>531.4</b>	<b>398.7</b>	<b>33.3%</b>	<b>1,269.7</b>	<b>1,128.3</b>	<b>12.5%</b>
Fair value variation in biological assets	6.1	9.0	-31.9%	26.2	9.2	184.9%
Cost of Goods Sold	(354.2)	(290.0)	22.1%	(889.9)	(819.3)	8.6%
<b>Gross Income</b>	<b>183.3</b>	<b>117.7</b>	<b>55.8%</b>	<b>406.0</b>	<b>318.2</b>	<b>27.6%</b>
<b>% Gross Margin</b>	<b>34.5%</b>	<b>29.5%</b>	<b>5 p.p.</b>	<b>32.0%</b>	<b>28.2%</b>	<b>3.8 p.p.</b>
Selling Expenses	(74.1)	(52.9)	39.9%	(180.4)	(151.9)	18.7%
General and Administrative Expenses	(15.5)	(14.2)	9.4%	(43.7)	(42.9)	1.9%
Management Compensation	(1.6)	(1.8)	-11.4%	(4.5)	(5.0)	-9.5%
Other Operating Income / (Expenses)	0.2	1.2	-81.8%	2.0	3.8	47.2%
<b>Operating Income (Expenses)</b>	<b>(91.0)</b>	<b>(67.7)</b>	<b>34.4%</b>	<b>(226.7)</b>	<b>(196.1)</b>	<b>15.6%</b>
<b>Net Income before Financial Result</b>	<b>92.4</b>	<b>50.0</b>	<b>84.7%</b>	<b>179.3</b>	<b>122.2</b>	<b>46.8%</b>
Financial Income (Expense)	(22.0)	(21.2)	-4.1%	(83.7)	(47.1)	-77.5%
Non-recurring Income (Expense)	(3.9)	4.3	-191.3%	80.0	(11.1)	818.6%
<b>Net Income after Financial Result</b>	<b>66.5</b>	<b>33.1</b>	<b>100.5%</b>	<b>175.6</b>	<b>63.9</b>	<b>174.9%</b>
Provision for Income and Soc. Contr. Taxes	(22.7)	(13.3)	70.9%	(69.6)	(18.5)	276.7%
<b>Net Income (Loss) before Non-Controlling Interest</b>	<b>43.8</b>	<b>19.9</b>	<b>120.3%</b>	<b>106.1</b>	<b>45.4</b>	<b>133.5%</b>
Non-controlling interest	(0.0)	(0.0)	-9.0%	(0.0)	(0.0)	-32.8%
<b>Net Income (Loss) for the Period</b>	<b>43.8</b>	<b>19.9</b>	<b>120.4%</b>	<b>106.1</b>	<b>45.4</b>	<b>133.5%</b>
<b>Net Margin</b>	<b>8.2%</b>	<b>5.0%</b>	<b>3.2 p.p.</b>	<b>8.4%</b>	<b>4.0%</b>	<b>4.4 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)	9M20	2019	Var. (%)
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	27.9	8.0	247.1%
Marketable Securities	51.5	10.4	393.7%
Trade Accounts Receivable	463.2	344.0	34.6%
Inventories	249.1	261.7	-4.8%
Taxes Recoverable	28.6	44.9	-36.1%
Prepaid Expenses	16.3	13.5	20.7%
Other receivables	3.7	2.6	45.6%
<b>Total Current Assets</b>	<b>840.4</b>	<b>685.2</b>	<b>22.7%</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	7077.4%
Income and social contribution taxes	73.4	67.4	9.0%
Assets held for sale	0.2	0.2	-11.1%
Investment properties	25.6	25.6	0.0%
Judicial Deposits	9.0	7.6	17.2%
Other receivables	11.1	11.1	0.0%
<b>Total Long-Term Assets</b>	<b>261.9</b>	<b>138.3</b>	<b>89.3%</b>
Investments	-	-	0.0%
Biological Assets	473.7	433.8	9.2%
Fixed Assets	1,059.8	1,027.7	3.1%
Intangible Assets	16.1	13.9	15.8%
<b>Total Permanent Assets</b>	<b>1,549.6</b>	<b>1,475.5</b>	<b>28.1%</b>
<b>Total Non-Current Assets</b>	<b>1,811.5</b>	<b>1,613.8</b>	<b>12.3%</b>
<b>Total Assets</b>	<b>2,652.0</b>	<b>2,299.0</b>	<b>15.4%</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade Accounts Payable	199.5	165.5	20.5%
Loans and Financing	320.6	240.2	33.5%
Labor Liabilities	44.7	29.9	49.6%
Tax Liabilities	64.8	18.1	256.9%
Related Parties	4.2	-	0.0%
Tax Installments	16.2	8.1	99.7%
Advances from Clients	20.2	18.0	12.5%
Dividends and interest on equity payable	69.8	72.8	-4.1%
Accounts Payable	54.8	27.7	98.3%
Lease liabilities	24.4	18.3	33.3%
<b>Total Current Liabilities</b>	<b>819.1</b>	<b>598.5</b>	<b>36.9%</b>
<b>Non-Current Liabilities</b>			
Loans and Financing	199.1	193.0	3.2%
Tax Installments	16.4	29.0	-43.4%
Deferred Income and Soc. Contr. Taxes	120.5	113.6	6.0%
Provision for Contingencies	18.0	18.0	0.0%
Related parties	7.0	-	0.0%
Passivos de arrendamentos	29.9	20.2	48.0%
<b>Total Long-Term Liabilities</b>	<b>390.8</b>	<b>373.8</b>	<b>4.6%</b>
<b>Shareholder's Equity</b>			
Capital	851.9	488.2	74.5%
Revaluation Reserves	182.7	182.7	0.0%
Profit Reserve	205.6	569.3	-63.9%
Asset Valuation Adjustment	89.8	89.8	0.0%
Other Comprehensive Income	7.9	(0.3)	-3045.0%
Treasury Stock	(2.9)	(2.9)	0.0%
Accrued earnings	107.1	-	0.0%
<b>Total Shareholder's Equity</b>	<b>1,442.1</b>	<b>1,326.7</b>	<b>8.7%</b>
Non-controlling interest	(0.1)	(0.1)	20.6%
<b>Total Shareholder's Equity &amp; Non-controlling Interest</b>	<b>1,442.0</b>	<b>1,326.7</b>	<b>8.7%</b>
<b>Total Liabilities and Shareholder's Equity</b>	<b>2,652.0</b>	<b>2,299.0</b>	<b>15.4%</b>

## Cash Flow

Cash Flow (R\$ 000)	9M20	9M19
<b>Net Income (Loss) before Income and Social Contribution Taxes</b>	<b>106.1</b>	<b>45.4</b>
<b>Adjustments to Reconcile Net Income and Operating Cash Flow</b>		
<b>Operating Cash Flow</b>		
Depreciation and Amortizations	54.1	52.4
Exhaustion of biological assets	41.6	47.6
Residual Value of Fixed Assets Sold	1.2	6.1
Write-off of investments	0.0	(0.0)
Fair value variation in biological assets	(26.2)	(9.2)
Interest, Monetary and Exchange Variations, net	67.9	27.6
Income tax and social contribution	68.8	15.6
Provision for tax gains	(126.4)	(17.9)
Income and social contribution taxes - deferred	0.8	2.8
Other provisions	20.7	6.0
<b>Changes in operating assets and liabilities</b>		
Marketable Securities	(41.1)	10.0
Trade accounts receivable	(123.0)	(46.7)
Inventories	12.6	7.3
Recoverable taxes	24.9	(2.5)
Income and social contribution taxes - deferred	-	(2.5)
Deferred expenses	(2.8)	(4.6)
Judicial deposits	(1.3)	(1.1)
Other receivables	(1.2)	(4.0)
Trade accounts payable	34.0	(6.9)
Labor and Tax Liabilities	(13.4)	(6.8)
Tax Installments	(4.5)	8.2
Advances from Clients	2.2	5.6
Accounts payable	63.6	22.4
<b>Net Cash Flow from Operating Activities</b>	<b>158.6</b>	<b>154.9</b>
<b>Cash Flow from Investing Activities</b>		
Capital decrease in subsidiaries	-	-
Addition to fixed assets	(89.6)	(80.0)
Addition to biological assets	(55.3)	(47.3)
<b>Net cash used in investment activities</b>	<b>(144.9)</b>	<b>(127.3)</b>
<b>Cash Flow from Financing Activities</b>		
Amortization of loans and financing	(222.8)	(246.8)
Amortization of leases	(20.7)	-
New loans and financing	241.4	220.5
Loans with related parties	11.2	-
Payment of Dividends/Interest on Equity	(3.0)	-
<b>Net cash used in financing activities</b>	<b>6.1</b>	<b>(26.2)</b>
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>19.8</b>	<b>1.4</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	27.9	10.4
<b>Increase (Reduction) in Net Cash and Cash Equivalents</b>	<b>19.8</b>	<b>1.4</b>