

## Q2 2012 Earnings Call

### Company Participants

- Alvaro Penteado de Castro, Executive Manager

### Other Participants

- Augusto Ensiki, Analyst
- Lucas Ferreira, Analyst
- Luis Vallarino, Analyst
- Thiago Lofiego, Analyst

### Presentation

#### Operator

Good morning, ladies and gentlemen. And welcome to the audio conference call of Duratex. Thank you for standing by. At this time, all participants are in a listen-only mode. Later, we'll conduct a question-and-answer session. And instructions for participating will be given at that time. (Operator Instructions) As a reminder, this conference is being recorded.

I would now like to turn the conference over to Mr. Alvaro Penteado de Castro. Please go ahead, sir.

#### **Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Thank you. Good morning. Good afternoon to all of you who are following us in Europe. It is a pleasure to conduct this conference call, specifically because we have good news to tell you.

The quarter was full of record events. It was a very positive period in terms of great results and in terms of strategic movement, as we will see starting on page two. A couple of announcements of M&A activity. The first one was the signing of an underwriting agreement to acquire a significant stake in Tablemac. Just to remind you, Tablemac is the leader in the Colombian market (in MDP). And they are ramping up the first MDF line in that market.

We should accomplish the first step of our subscription of this relevant stake, probably next week or in the following, in which we will get a 25% stake in this company. Following that, we will engage in a standard offer to a further 12% stake, which might happen in the course of the following 40 days.

The second step was the acquisition of Metalurgica Ipe, the sale from Lupatech. This company is in the segment of the manufacturing of valves, industrial valves, and probably with the accomplishment of the acquisition will happen until the end of August, maybe end of September.

With regard to shipped volumes, I'd like to note that the wood division posted a record volume, both for the quarter and cumulative data six years. Volume grew by 3.6% over the first Q, and almost 12% on a year-to-date. Deca posted a 3.3% growth in volume quarter-on-quarter, and 2% year-on-year.

Revenues were also a record getting to BRL1.5 billion during the first six months 2012, which represents a growth close to 10%. Recurring EBITDA posted also a record amount to a six month period, topping to BRL446 million, which represents a growth of 13% year-on-year.

Recurring net income topped to BRL184 million, which represents almost a 10% growth year-on-year. And during the Second Quarter, this number amounted to BRL98 million, which represents a 14% growth quarter-on-quarter.

Following that, on slide number three, we have the performance of the construction of building materials industries during the last year and for the six month period of 2012. We can see that for this period, the industry grew by 2.6%. It is important to note that this growth is in reais is revenues within the internal market and is compared to the previous year.

For the full year 2012, it is expected for the building materials industry to grow by 3.4%, a slight growth year-on-year since in 2011 as industry grew by 2.9%.

Following to that, we have achievements in Deca. We can see that the performance here is more in line with previous quarters, in line with second Q '12 against second Q '11. The volume is pretty much the same. And over the previous quarter, a growth of 3% reaching 6.2 million items shipped. On the cumulative data, growth was 2%, reaching 12.2 million items in the period.

Some highlights with regards to Deca. First one, for the first half of the year, the volume was record when you compare to previous first half year. Second, there was a slight improvement in the price space, volume in the semester increased by 2% as revenues increased by 7.2%.

When we compare this growth of 7.2% over the growth of the Abramet Index 2.6%, we can see the Deca grew by 2.7 times more than the industry. And this growth, of course, is aligned with the Company's strategy, the strength of the Deca brand and our geographic diversification.

It is important to mention also that we still see ahead in time a favorable scenario for the construction industry. Recently there was a revised data for the savings accounts posting

the best June since 2002, where deposits outgrew withdrawals by BRL5 billion. The balance in savings account is BRL449 billion, which that 65% of all this volume is used to finance new construction.

So in terms of funding, the market does not have a problem. And even the terms in the construction industry, they are positive. We have terms between 30 and 35 years to fund the rest of new construction.

Also, on number five, we have the picture of the panel-making segment, we can see that the performance was very good when we analyze the market of MDF was even better than MDP. On cumulative data, six months MDF grew by 12%, reaching 1.6 million cubic meters. MDP the growth was 9.4%. On a quarterly basis, we can see that MDF grew by 20% quarter-on-quarter, and MDP stayed pretty much flat.

One explanation is possibly related to the price increased that Duratex met during the quarter, followed by the rest of the industry diminishing the spread between the panels in terms of prices, causing a shift in consumption patterns to MDF, making or causing this higher shipments in that segment.

The average variation, average growth was 11% when you compare cumulative data MDP plus MDF for the six month period.

Occupancy rate in the industry, which in 2011 was around 80% -- 82%, 2012 it reached something around 91% over the available capacity.

Following to that, slide number six brings shipments for Deca -- sorry for the wood division in Duratex. We can see that on a yearly basis, second Q12 against second Q '11, the growth was almost 8%. And cumulative data six months we have a growth of almost 12%.

Here, as I mentioned before, shipments was a record for both quarter and six-month period. We benefited also via mix since we shipped more MDF. And prices, specifically, when we analyze Second Quarter performance, these numbers are reflected on the performance of the division that we will see a couple of slides ahead.

We had in the furniture industry -- the furniture perspective, an improvement when compared to previous periods. We had the number of installments in the furniture retail increase to up to 24 fixed installments, which is contributing to the momentum. And we have some governmental incentives given to the furniture industry in the Second Quarter. There was a reduction of the taxes of industrialized products to zero and the 1% tax on revenues instead of 20% on payroll.

All these measures, of course, contribute for the momentum of furniture and, of course, they are reflected in the performance posted.

Following to that, on slide number seven, we have net revenues consolidated for Duratex. We can see that from second Q11 to second Q12 revenues increased by almost 8%, on a

quarterly basis close to 10%. And cumulative data almost 10%, reaching BRL1.5 billion. Gross margin increased to 34.3% via price mix, economies of scale, mostly in the wood division.

With regard to geographical distribution of sales, nothing changed. Domestic market represents 96% and the breakdown between Deca and wood, wood representing almost 65% of revenues.

Slide number eight brings EBITDA margin. At the top, we can see that the margin for the second Q was the best when you compare to the previous four quarters, reaching 29.3%. Cumulative data six months, EBITDA reaching BRL446 million, a 13% increase year-on-year, and margins reaching 28.8%.

Net income for the semester reaching BRL185 million, and represents return on equity growth of 10%.

Slide number nine brings the highlights of the wood division. Here it is important to note the evolution of the gross margin, and of course the EBITDA margin. The EBITDA margin for the second Q12 is the best since 2007. And was achieved via economies of scale, a better product mix since we shipped more MDF than MDP and a better price base along with some cost management measures.

For the six month period, margins at 31.3% and EBITDA at BRL311 million, a growth of almost 22% over what we posted first half year 2011. With regard to the occupancy rate, in our case 2011 we ran the plants close or around on average to 75%, and 2012 on average close to 86%.

With regards to the cost structure, resin represents 15%. We experienced some cost pressure there. But it was offset by prices, volumes in economies of scale.

On the following page, number 10, we have the performance of Deca. Top line was a highlight. We managed to increase revenues, as I said before, by 7% during the first semester, which outgrew the rest of the industry of building materials which posted a growth of only 2.6%. Gross margin reduced a little bit from 39.2% to 38.5%, in line with the increasing cost mostly in labor during this period.

And on the operating side, the hit was greater than that. Margin decreased on the first Q12 to the second Q12 to 22.3%. The explanation is the mix we shipped 7.7% more (basic) products quarter-on-quarter than finishing goods, which grew by only 1.2%. We had also during the second Q12 some cost pressures via labor. We had also some expenses of the M&A deals that we closed started during this period. And also more marketing expenses which is seasonal from quarter to quarter.

When we analyze the cumulative data for semesters, for '11 and '12, the reduction on margin from 26.8% to 24.4% is also via, of course, cost ratio labor, freight. And basically the change of the appropriation of general and administrative expenses that until 2011

was done via participation of revenues of both Deca and Wood. And now they are done via time allocation.

With regard to installed capacity and occupancy rate, we posted a 90% occupancy rate in sanitary ware ceramics, and 93% in metal fittings.

With regard to the cost structure, it is important to highlight the participation of labor and we note that yearly we have to sit with the unions and renegotiate the salary terms. And normally we have to grant these unions and workers a real gain in wages when compared to inflation.

Slide number 11 brings the leverage of the Company, which is pretty balanced. Cash amounted to BRL808 million, net debt BRL1.2 billion, which represents 32.8% of equity and 1.4 times EBITDA for the last 12 months.

On the bottom left-hand side, we have the cash position and amortization schedule. We can see that the BRL808 million of cash they are a little short from what we have to pay between the second semester '12 and 2013. The total that we have to amortize during this period is BRL963 million.

With regard to the origin of that, 95% was taken in the domestic market in reais. And the portion in foreign currency is fully hedged to reais.

Slide number 12. We have the picture of the consolidated CapEx. We have here a review of what we spent during the last four years. Of course, that (CapEx) we have accretive positive view on our segments given the macro condition of Brazil that we see sustainable in the long run. And because of that, we are keeping our investments.

For 2012, so far, we invested almost BRL330 million and we should invest during the year something close to BRL800 million. One highlight here is that we have BRL140 million here M&A activity for Tablemac and Mipel. And we are not considering in this number the tender offer that will happen following the first subscription of 25% stake in Tablemac.

On the bottom we can see the evolution of capacities. A highlight here is by how much we grew the capacity in the Wood division between 2007 and 2015 when we expect to conclude the expansion project that we have ongoing. Currently, we have two MDF lines coming to the market. The first one should be completed next year, and the following one in 2015.

So during this period, the capacity would have grown by close to 120%. It is important to know this also that in 2007 there was the capacity of (Facitel) was not included here. In fact, we are increasing the capacity by 73% between 2007 and 2013. And by 13% between 2012 and 2011, and a further 4% between '13 and '12.

In the following pages we have the highlights of the investments that we are conducting in the Wood division. The new MDF line that I commented with the capacity of 520,000

cubic meters, that should come out to the market by the end of the first half of '13, along with a new coating line to contribute more value to the production mix.

In Taquari in our MDP facility we are debottlenecking that line currently the capacity of 450,000 cubic meters a year. And by the end of the second Q13, we should accomplish 670,000 cubic meters. And we are also acquiring more coating lines.

With regard to Tablemac on slide 14, again, is the leading company in the Colombian market for MDP and also MDF since they are starting up the first line in that market. Yesterday the release of Tablemac's numbers for the second Q12 where net revenues amounted to almost BRL34 million, EBITDA -- sorry \$34 million, EBITDA, \$8.5 million, with a margin of 25% and net income \$2 million.

Then on the bottom you have the capacities of Tablemac. It is important to note that they have very little integration with the (Timberland), only 20%. And with this characteristic generating a 25% EBITDA margin which is very profitable.

Following that, we have investments in Deca. The most relevant that we have going on is the remodeling of our Queimados plant. Queimados is in the state of Rio Janeiro, we should start up this plant by the end of the year with two (kilns) and this unit will contribute to a 2.4 million items at the year increase in terms of capacity.

In metal fittings we're also growing the capacity by 1.2 million items a year. And this investment, or this expansion, should be concluded by year-end.

Last slide, we have some information on Mipel, the company we acquired from Lupatech. The capacity is 780,000 items a year. And they are running in one shift only, which means that we could very rapidly increase the output capacity at this plant by adding further shifts.

The investment will be around BRL45 million to acquire this unit. As I said before, that should be accomplished until the end of August, or until the end of September. Right now we are conducting the due diligence process, which is going according to our expectations.

That is what I had to present to you. Now I put myself available for the questions that you may have. Thank you.

## Questions And Answers

### Operator

Excuse me. Ladies and gentlemen. we will now begin the question and answer session. (Operator Instructions) Our first question comes from Mr. Thiago Lofiego with Banco Merrill Lynch.

FINAL

Bloomberg Transcript

**Q - Thiago Lofiego** {BIO 16359318 <GO>}

Hi. Good morning. I have a few questions. The first one is on the G&A side. I noticed the G&A increase significantly quarter-on-quarter on both divisions. On the Wood side, it increased 25%. On the Deca side 16%. You mentioned some of the reasons in the press release, but could you give us some color on whether this is the new level for G&A, or should we consider some retreat on the G&A expenses going forward? That's the first question.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Hi, Thiago. Thank you for the question. Yes. The increase is related, is connected to the change of this accounting methodology of ours to recognize expenses. Before, we recognized as a participation of revenues. And now we are doing a time sheet to allocate the expenses. So this explains the increase when you analyze this sort of expense year-on-year; not quarter on quarter, but year-on-year.

Looking forward, yes, I think they will standardize around these amounts. Just remind you that we have some extra expenses connected to M&A activity. So should it improve a little bit? Not much.

**Q - Thiago Lofiego** {BIO 16359318 <GO>}

Okay. All right. Second question regarding resin costs. What have you felt recently in terms of the resin prices in dollar terms? And what kind of scenario do you work for the second half?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Resin, as a commodity, increased unexpectedly during the second Q, eased a little bit now. We expect in line with what we saw so far. We shouldn't see more pressure unless there is an unexpected demand for urea in the coming months. It's difficult to say. Expect it in line to what it was.

**Q - Thiago Lofiego** {BIO 16359318 <GO>}

Do you know if you're paying the same average price for resins that you were paying during the Second Quarter?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Yes.

**Q - Thiago Lofiego** {BIO 16359318 <GO>}

Okay. Then the final question is on the Deca margins. You had a significant retreat in the margins in the Second Quarter. What would be the sustainable margin level for this business? Because it's been pretty volatile and what should we expect going forward?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

When you analyze the second Q, Thiago, the second Q against first Q we have some seasonal expenses like increasing expenses of marketing. We had more fairs, we had more events. So when you analyze quarter-on-quarter, this contributes bringing the margin comparatively a little down.

When we look forward, we expect the margins to increase a little bit. Probably, they will be between the margins of the second Q and the first Q. It's very difficult for me to reach the margins of first Q again during this year. But something between -- something more close to 24%, I think, is more feasible in the coming quarters.

**Q - Thiago Lofiego** {BIO 16359318 <GO>}

Okay. That's perfect. Thank you, Alvaro.

## Operator

Our next question comes from Mr. Lucas Ferreira with JPMorgan.

**Q - Lucas Ferreira** {BIO 16552031 <GO>}

Hi, Alvaro. I was just wondering if you could comment on how your wood prices compare with the prices of your competitors. And if the ramp up of the Berneck plant is causing any noise to the markets? If you could comment on the balance of supply and demand in the market, that would be helpful. That would be helpful. Thank you.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Hi, Lucas. Well the first one with regard to the prices of wood and competitors. As you (expect land) the price movement in the MGP and the and the information we have is that competitors follows. And one explanation for that can be found in slide number five where you can get a picture of the average occupancy rate for the six month period. You can see that the industry ran during the first half of '12 above 90% occupancy levels. So that contributes for the pricing scenarios which we see more positive looking forward, at least for this year.

With regard to the ramp up of the Berneck, the information we have is that as a rational player they are with a mind very close to ours, the way of seeing the market, the way of directing the market. The ramp up is happening in an organized fashion. No further comments about that.

And the supply should be tied with the capacity of the industry to offer panels during the second half of the year. If we have the seasonality present, remembering that during the seasonality the first Q tends to be the weakest, the second a little better, which was the case so far. The third normally is the best. The information we have so far is showing that the seasonality should be present this year, meaning that Third Quarter will really be better than the second. So the themes are so far positive not only for the wood segment, but also for Deca.



Deca is feeling more the acceleration of the GDP. But it's still growing, and outgrowing the market.

**Q - Lucas Ferreira** {BIO 16552031 <GO>}

Okay. And my second question relates to the consolidated EBITDA margin for this year. In the past you mentioned that you were expecting margins to improve around 100 bps, right, year-on-year. But with the strong margins in the First Quarter and also in the Second Quarter, would you consider revising this? Or will you keep this estimate of increasing 100 bps? Thanks.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

It is very difficult to do this fine tuning of margins because we have a great portion of costs that is related to commodities. What I can tell you is that the scenario from the point of view of (achievements) is positive. But we have some cost pressure on the system, specifically from services, labor, things that are out of our control.

We will not revise so far, I think, the margins will end the year a little above what we posted in '11. So the evolution in that sense and we give this speech on a consolidated basis. Maybe one division is possible to come a little better, the other a little worse than we anticipated. But it is too soon to say if that is going to be the case. We still have six months ahead of us to perform.

So we give the same speech.

**Q - Lucas Ferreira** {BIO 16552031 <GO>}

Okay, excellent. Thank you, Alvaro.

**Operator**

Our next question comes from Mr. Luis Vallarino with Citi.

**Q - Luis Vallarino** {BIO 15049752 <GO>}

Hi. Good morning, Alvaro. Thanks for the call. I have a couple of questions. The first one, just to get a better idea of the impact of this new accounting on the Deca SG&A. What would have been the margin this quarter if you hadn't made that allocation change? Or, conversely, what would have been with the new allocation at the margin during, let's say, the Second Quarter of '11?

And secondly, what will be the maximum leverage in terms of, for instance, the EBITDA, that you would be willing or comfortable to take in case in some more opportunistic fashion you find more targets for further M&A in the short term? Thanks, Alvaro.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

FINAL

Hi, Luis. Thank you for the question. Yes. This change of the accounting methodology in recognizing G&A expenses absorbed something like 140 bps from the margin. Okay? But when you analyze this sort of expenses on accumulative data, you don't see much change. So there was not an increase only difference between methodologies. Okay? And this should be the case looking forward.

The reason we did that, since we are running the SAP system more consistently with more know-how, we are more able to fine tune our managerial processes.

Looking forward with regard to M&A, if you look at our capital structure that is posted on slide number 11, you can see that even after these couple of strategic movements via Tablemach and Mipel, we still have a pretty good balance, a pretty good deleverage capital structure to explore further possibilities in the market.

There's nothing for us to have in the short run, but we have, or we are active in analyzing possibilities in all segments. Nothing changed from our initial stratagem to look for possibilities within the core businesses of ours and outside looking for something (metallurgical) to what we do like Mipel, for instance, in the domestic market. Nothing changed with regard to that. We're still active. We're still exploring possibilities. And the outcome is uncertain.

**Q - Luis Vallarino** {BIO 15049752 <GO>}

Thanks, Alvaro. So just revisiting this one. Would management be comfortable with -- I don't know, net debt to EBITDA ratio of 2.5 times, or would it have to go up to 4 times to be -- start feeling uncomfortable? I just want to get a sense of your sensitivity to leverage in that sense even if it's for a short term only.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Look, Luis, we have internal policies of maximum average of between 2.5 and 3. We are comfortable within this limit. Going beyond that, you'll have to talk to the board, get some authorization. But there's nothing going on in that direction so far.

But if you talk about 3 times, for instance, this means a further BRL1 billion -- BRL100 million of extra debt. So we are pretty well-positioned to explore possibilities within this range. And there are a lot of opportunities for that.

**Q - Luis Vallarino** {BIO 15049752 <GO>}

Definitely. Great. Thanks, Alvaro.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Thank you.

**Operator**

Our next question comes from Mr. Augusto Ensiki with Morgan Stanley.

Bloomberg Transcript

FINAL

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Good afternoon, guys. Just a follow-up to the first EBITDA question. You mentioned the government incentives on the furniture side, the (IPI) reduction also the change in the tax, the 1% tax on revenue instead of the tax on payroll. Could you quantify that benefit -- the government benefit -- how much that actually helped you this quarter and how much that might end up helping you for the year?

Then the second question was regarding -- I lost my second question. If you could just start with the first question for now.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Hi, Augusto. Thank you for the question. With regard to the incentives, it's very difficult to quantify the impact of those measures in the channel because there are so many manufacturers. The message we see with regard to that is that the benefit of the governmental movement was positive. Everything that comes to help the market, easily repeats the cost, this is very positive in a market very competitive like this one we have.

So everything is positive even when you have a marginal impact. The other question, I think I didn't get --.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Oh, no. The other question, I didn't ask it. Would you say -- this is completely I guess ball-parking it. But do you think around the tune of 50 basis points to 100 basis points on EBITDA margin, or is it smaller than that?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

You're talking about the criteria?

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Like how much, just an estimate of maybe how much the government measures helped your margin?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

No. We don't have that. First, because it was not a direct benefit to us. It's to our customers. And you know that in the market there are no open capital companies in this segment. I'm sorry. There is one, but we don't have the information yet for that player.

We don't have this yet. We have to wait a little bit to have an understanding. Of course, the benefit is more present for those more formal companies. More informal companies probably won't have this benefit. So it's difficult to analyze the real impact of that.

Again, everything that comes to help leverage the tax situation, everything is positive.

Bloomberg Transcript

FINAL

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Okay. Sorry. I guess I misunderstood part of that. But the second question, then, what was behind the increase in depreciation this quarter? On the quarterly basis it went from -- I see. Even compared to the First Quarter, it's up quite significantly. Is that because of the new factory that's coming together or is there something else in there?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

The increase is the investment because there was no change with that respect. No change in accounting or age of depreciation of wood. It's only investment. And volume of wood we had more depletion in this line. But it is in line with the increasing revenues.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Okay. So then -- looking towards the rest of the year, we can expect something similar to this quarter?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Yes. Most likely, yes.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Okay.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

It's possible.

**Q - Augusto Ensiki** {BIO 15988025 <GO>}

Thank you very much.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Thank you.

**Operator**

Our next question comes from Mr. Lucas Ferreira with JPMorgan.

**Q - Lucas Ferreira** {BIO 16552031 <GO>}

Hi, Alvaro. Thank you, again. I was just wondering if you could share with us what could be the minimum expected return? You have small acquisitions such as Mipel, (Lizabeth) or if you do any others in the future, what are the numbers that we have to keep in mind? And how these returns compare with the organic growth that you have in Deca and Wood as well? Thank you?

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

Bloomberg Transcript

FINAL

Thank you. Well when we analyze acquisitions, the hurdle rate is around (16%, 17%), okay, for the (inaudible). And all these acquisitions, they are within this range.

Of course, when we analyze sometimes our point of view is a little different from the market perspective. For example, when we acquired Tablemac the market only saw that. They didn't see the entrance of the new MDF line. So apparently, the price paid was high. The multiples were high. But when you put into the numbers, the new shipments from MDF, the multiples decrease by half or a little more than half.

When analyzed, Mipel, for example, Mipel is currently running with only one shift. From our perspective, we are optimizing the occupancy rate. And of course, in this respect, higher returns from our point of view.

This is the logic behind this acquisition. And all of them are accretive. They generate value from our point of view.

**Q - Lucas Ferreira** {BIO 16552031 <GO>}

Okay. Thanks.

## Operator

Excuse me. (Operator Instructions) This concludes today's question and answer session. I would like to invite Mr. Alvaro to proceed into his closing statements. Please go ahead sir.

**A - Alvaro Penteado de Castro** {BIO 5537843 <GO>}

I appreciate very much your time to follow our call. I know there has been a lot of releases of results. Thank you, so much for following ours. Bye-bye. If you have further questions, my team and I are here to assist you. Thank you.

## Operator

That does conclude the Duratex audio conference for today. Thank you very much for your participation. Have a good day, and thank you.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily*

Bloomberg Transcript

*reflect the views of Bloomberg LP. © COPYRIGHT 2022, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*

FINAL

Bloomberg Transcript