

## Q4 2017 Earnings Call

### Company Participants

- Felipe Saraiva, Unknown
- Guilherme Setubal Souza e Silva, Unknown

### Other Participants

- Juan Tavaréz, Director and Analyst
- Lucas Ferreira, Analyst

### Presentation

#### Operator

Good morning, ladies and gentlemen. Welcome to the audio conference call of Duratex, which will be presented the earnings results of the Fourth Quarter. Thank you for standing by. (Operator Instructions) As a reminder, this conference is being recorded. I would now like to turn the conference over to Mr. Guilherme Silva, Investor Relations Executive Manager. Please go ahead, sir.

#### Guilherme Setubal Souza e Silva {BIO 20114864 <GO>}

Good morning. Welcome, everybody, to Duratex Earnings Conference Call for the Fourth Quarter of 2017. Speaking here is Guilherme Silva, Investor Relations Executive Manager. I'm here with Felipe Saraiva, the coordinator of our IR team here in Duratex.

Generally speaking, we finished the year in the better shape than we started. We have noticed a more favorable environment in 2017, especially in the second semester of the year. The inflation below target has opened a room for staff reduction in the industry, which slowly started having a positive effect on the economy and consumption. Our business is largely cyclical and has benefited from this improvement. We have seen better results in volumes and revenues from both divisions.

In the Wood Division, I would like to highlight the favorable margins in competitive environments. We now see a better balance between supply and demand in the sector, which has allowed us to implement a price increase, starting January 2018.

In Deca, the scenario is too challenging in the construction material sector. But it's starting to show the first signs of recovery. We slowly started to take notice of this improvement in construction industry, which suggests a return of growth. Remodeling is also starting to pick up and has been important to Deca's results in this point of the cycle.

I would like to take a moment to highlight the important strategic movements that took place in 2017, which have made this year a landmark in Duratex history.

We had rewritten the company's value proposition after 6, seven years following extensive collaboration from our Board of Directors and the main shareholders. The new value proposition represents our essence, solutions for better living. We are migrating from a traditional industry model to a life innovation company and focused on providing solutions. This is Duratex' new phase and the foundation of our strategy and the main focus of capital allocation within the company. Based on this new value proposition, we have redrawn our strategy and revisit where we want to be in 2025. We have now defined 4 main avenues for growth, which we have shared with you in the last presentation.

Also, in 2017, we have solidified the Duratex Management System, also known as SGD, which, in the third year, continues to bring positive results in savings and gains in productivity. At the same time, we have made advance in our journey of cultural transformation. We have trained 100% of our employees, with a strong focus on our leadership. We are preparing Duratex for a new phase brought on by the economic recovery.

It's also with a great satisfaction that we have made important investments last year, also in alignment with the new value proposition. We have concluded the acquisition of Ceusa, which marks Duratex' interest into the ceramic coatings segment. We have also acquired a minor shareholding in the startup Viva Decora, which is part of our digital transformation strategy.

I would say that we are quietly optimistic and believe in our slow and gradual recovery. Even so, we are not impairing on the market alone. We still have a lot of work ahead of us in order to gain higher returns on our operations, to continue improving the productivity of our company and to bring our organization to a higher level.

I will hand over to Felipe Saraiva, the Investor Relations Coordinator, who will discuss the Fourth Quarter and the year results. I will return later to talk about some strategic movements we have made in the beginning of 2018 and to take any questions you may have.

### **Felipe Saraiva**

Okay. Thank you very much, Guilherme. Good morning, everyone. It's a pleasure talking to you this morning.

So let's start with the second slide of this presentation. As Guilherme mentioned before, we have seen a better second semester, which brought also better levels of demand and also stability in pricing, especially in the wood panels industry. The net revenues in the Fourth Quarter was BRL 1.1 million, above the Fourth Quarter of last year and also the previous one. I'd like to highlight here the improvement in gross margin, which went from 25.8% in '16 to 28.7% in '17. One important aspect, which benefited our gross margin, was again the fair value of our biological asset, something around BRL 44 million, due to a low

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cost of capital and lower discount rates. So in the end of '16, the interest rates in Brazil were 13.75% and, after a series of revisions, closed in '17 at 7%. Therefore, our cost of capital was lower in the end of '17.

We had an EBITDA of BRL 229 million in the Fourth Quarter, above the other periods. And in the year, the full year, it was BRL 760 million, which represents a margin of 19%. The EBITDA was largely benefited by the actions we took along the years, such as the Duratex Management System, which Guilherme has mentioned before also. And represented saving costs of something around BRL 76 million. A combination of better operational results and also lower financial expenses has driven our net revenues -- our net income, sorry, with close of the quarter at BRL 85 million and the full year in BRL 185 million.

So I would like to turn now to Page 3, where we'll discuss cash flow and debt. So the main highlight here in our financial performance is our deleverage process, which is mainly a result of a positive cash generation this year. We have been announcing the intention to deleverage the company, leaving it more leaner in the foreign or higher-level competitors. In '16, in the end of the year, our leverage ratio, net debt-to-EBITDA, was 2.9x. And we have managed to reduce this throughout '17. So right now, we ended the year at 2.8x. And if we just considered the investments that we've done for Ceusa acquisition during the year, this ratio would be 2.6x. We still have a long road ahead. And we still need to improve some our -- to improve our operational cash generation. But this is our area of positive result and deserves recognition. Our team is engaged in the commitment to continue reducing this indicator.

The implementation of a new S&OP methodology, sales and operation planning, both in Deca and Wood Division, has been a differential in this process. We have touched on this subject a few times throughout the year with you, investors and shareholders. And with discipline and relying on Duratex Management System, we have been able to revert increase of inventory that we have registered in the first half of the year.

Sustaining CapEx in '17 was BRL 366 million, below our initial forecast of BRL 420 million and below also the value that we have invested last year. I believe this reaffirms our efforts towards deleveraging the company.

Now I would like to turn to Page 4, where we'll present the working capital results and also investments in greater detail. So we have been sharing with you guys reducing our working capital, which has increased a lot over the past few years, has been one of the main goals in our internal agenda. First off, we have noticed a greater stability in receivables this year. So our days outstanding are in line with the market standards and also our overdue rate is pretty low. So I believe here (together) all the follow-ups, we do not have the focus on reducing accounts receivables so much. Our greater opportunity lies only in target management. So we have an ambitious event of reduction of target in the beginning of the year. But it has increased throughout the first semester due to, especially, the volatility demands. I would like to highlight here, the Second Quarter was the quarter that we have been seeing a lot of volatility demands. So we have been monitoring our S&OP process on a monthly basis. And we have already proven our inventory profile and have started to note some reduction throughout the second

semester. The focus continues here on sustaining this rate and also reducing even more our inventory levels in '18.

Increasing days payables outstanding was an initiative that represented good results already 2017. So we have achieved an increase of 16 days. And I believe we can increase a few more in '18. Towards the end of the year, we have decreased our span to adjust inventory level of raw materials. Therefore, once we return the span to a regular level, we may see some additional increase in accounts payable.

The result of all of those initiatives has been weighted in the reduction of our cash conversion cycle in '17. We have registered a positive effect in terms of cash generation. But I would like to highlight here that the reduction of the cycle continues as a priority in our agenda. The health, balance of initiatives that improve short-term results and also strategic investments to guarantee the long-term success of the organization are our challenge, especially in times with a lot of idle capacity, seems very lenient right now. We continue investing and do not lose sight of the long term. However, we are rationalizing those investments to the minimum necessary to guarantee the sustaining of our operations. We have registered a reduction in sustaining CapEx, which our forecast -- initial forecast was BRL 420 million for last year. And we closed the year at BRL 360 million (sic) (BRL 366 million). I reinforce here our commitment to the performance of our operations in the long term. And we intend to invest something around BRL 430 million, BRL 440 million in '18. We are still analyzing these estimates.

Now let's turn to the Wood Division on Page 5. So the main highlights here in the Wood Division was the growth in volumes basically due to a better performance of the market and also normalization of our market share. So besides still working with a significant idle capacity of almost 40%, we have been able to register the best part of the year in terms of volumes, with an expectation of more than 600,000 (inaudible) in the quarter. (EVA), that is a proxy for this industry, has also recorded this growth. During the Fourth Quarter, internal demand has shown double-digit growth. There was a modest growth in domestic demand in the year of 1.5%, which is rather good news considering the downturn in the economy.

Despite the larger volumes, we have seen a slight deterioration in the product mix. Growth was driven mainly by substandard payments, with supplies to furnitures manufactures industry. Besides these, we have made important sales in timber in 2016, which positively impacted both the net revenue and the EBITDA, especially in the Fourth Quarter of '16. Net revenues in the Fourth Quarter of '17 was BRL 692 million, with a gross margin of 37.2%. This result was benefited by the adjustments in the value of our biological asset, which I mentioned at the beginning of this presentation. The Wood Division registered BRL 2.5 billion in revenues in the full year of '17.

EBITDA in the quarter was BRL 157 million, with a margin of 22.7%. We have been seeing an improvement in this result despite the worst weeks because we have been able to operate above the 20% margin throughout the second half of the year. So the Third Quarter and also the Fourth Quarter.

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Looking at '18, we continue with our commercial strategy of favoring higher returns. And we will not give up our strategic position in the market. We have implemented some price increase in the wood panels since the beginning of this year in January, according to each product line. So in MDP, we have come in with a stronger increase, something around 8%, while in MDF we have made some smaller adjustment in volume. We will explore this year the competitive advantage of each of our lines in our footprint with 5 different means. As we mentioned in other opportunities, we are going to restart operations in Itapetininga unit in April. And therefore, we will have the opportunity to explore more the logistics in the product location of each of our facilities. And therefore, redistribute the mix of production. We also picked some managers to stimulate demand for furniture and for our wood panels to increase customer loyalty and to improve our mix, focusing on product with a larger EBIT volume. Those initiatives, combined with an improvement in the market, should produce a positive effect on our results moving forward.

I end here my presentation on the Wood Division. And I would like to turn to page six where we present Deca's results.

So 2017 was definitely a tough year for construction in Brazil, being the fourth consecutive year of retraction. According to ABRAMAT, there is an entity that measures the civil construction materials in Brazil. The sector's revenue showed a retraction of 4%, in line with the previous expectations. But they had disclosure. Despite this increase, we see the impact of our recovery (inaudible) and we project right now more growth for 2018. Although we are still facing a jarred market, we have been seeing higher volumes in the division. Year-on-year, volumes grew almost 6%. So Deca, once again, is outperforming the market. During the First Quarter, the CADE, C-A-D-E, the Brazilian authority, has approved Ceusa's acquisition. That is our entry into ceramic tiles industry. So therefore, we have already consolidated the results here in the Fourth Quarter of Deca Division. The net revenue were BRL 410 million in the quarter. And if we consider some of those figures in this (inaudible) number, it would have represented an increase of almost 9% against the previous year. Also, in the Fourth Quarter, EBITDA was BRL 71 million. And I'd like to highlight here 2 important impacts that we had on our results. So firstly, we have some planned stoppage in our production lines in Deca Division during the end of the year to adjust -- especially to adjust inventory levels. Those -- this stoppage has negatively impacted our EBITDA around BRL 10 million. On the other hand, we had a positive impact to sales operations because they have adhered to REFIS, a fiscal program here in Brazil, which represented a gain of BRL 26 million.

Definitely, it was a recovery year for Deca, since we have a significant increase in the industry volumes over the past few years. In '17, we have noticed a varied operational performance of the division. And once again, we recognized the strengths of Deca's market components that is basically on top of mind frames, high-quality products, distribution quality, after-sales (inaudible) and (inaudible).

I finish here my comments regards Deca. And I would like to explore more on the next slide some of our awards that we have received during the year.

So here on page 7, it illustrates that we have a great year in terms of awards. We have been seen as a benchmark among several shareholders -- stakeholders, sorry. We have

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some important acknowledgments of sustainability, ethics, people management, (inaudible) innovation, among others. I believe this reinforces that in addition to improve efficiency and productivity, we also want to position ourselves as a benchmark in terms of responsible management.

Now I end here my part of the presentation. And I would like to turn back to Guilherme, who will present Page eight and beyond. Thank you very much.

## **Guilherme Setubal Souza e Silva** {BIO 20114864 <GO>}

Thank you, Felipe. Right now, on the Slide -- Page #8, (we basically discuss) the development of our strategy over the last years.

When we look at Duratex' recent past, we clearly see a story of evolution and some important milestones. Between 2007 and '13, we experienced a spike of growth on our operations. The market economic environment was very different from the current one. And we noticed an increase in a great demand that culminated in the capacity additions in our sectors of activity. To illustrate, we have doubled capacity in both divisions, Deca and Wood. It was a combination of acquisitions and organic growth, with investments in our lines and ramp-up of new ones.

I also highlight Duratex' association with Satipel which occurred in 2009. It has created the strength that we have today, including the improvement of our corporate governance. In addition, we have opened our range of operations, increased our portfolio products, our customer base and gained market share. In 2016, we faced one of the worst economic crises that the country has ever experienced. However, it was an opportunity to revisit our strategy and focus what we call the internal agenda. The agenda set the priorities and as a model based on management discipline and PDCA methodology, we created the Duratex Management System with the support of an external consultancy. To date, the Duratex Management System has been made to (rehash strong) results, set goals and established action plans. We have gradually reduced cost to make it more competitive. Moreover, we have begun to review our performance metrics with the simulation of EVA methodology, which improved the alignment of the organization start.

In the meantime, we had begun a deeper review in our -- of our culture. When we started to imagine Duratex of the future, we identified that at some point we needed to change regarding our culture to implement our strategy. With the support of a consultancy, we restructured what we call internally Jeito de Ser e de Fazer, which is our new cultural model. Changes in culture of one organization takes some time. But we are very satisfied with the results that we attained so far. We see a refreshed culture and clear signal that we are becoming more prepared for the challenge. Every time that we talk about transformation management model and culture, we are adding the infrastructure of the organization. With this new infrastructure, we have begun deeper reflection culminating in our new value proposition, solution for better living, which I mentioned at the beginning of the presentation. Based on this new value proposition, with excellent management, a refreshed culture, more innovation and digital transformation, we return to dreaming about growth.

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And we want to grow on an asset-light basis, as our new proposal states. We are looking for business that has recurrent revenues that are asset light. And therefore, with (wild) returns on invested capital. New business isn't necessarily with the construction of a new factory or acquisition of the company. I'm talking about new solutions in our portfolio or even a service. Who knows? In order to give focus, we will find and prioritize 4 avenues of growth which I mentioned here in the other opportunities. Third, we made important moves in 2017, with acquisition of Ceusa and entering the ceramic tiles and the acquisition of a minority share in the startup Viva Decora, movement that I believe to be impressed in this industry.

We are working to climb a step in Duratex' history, exploring more and more our strength and incorporating the portfolio of solutions, more attractive returns. This will be the direction of our capital allocation for now on. Therefore, we have announced 2 subsequent events in the earnings release, which I wanted to present in the beginning of Page #9.

So please turn to Page #9. And the idea here is to discuss the deal with Eucatex, the swap between the farm and facilities and equipment. In a strategic move, we received an asset-abiding offer from Eucatex for the sales of facilities and equipment for the production of thin wood fiberboard, known as hardboard. The production technology is from the 1950s and, as a matter of curiosity, it was the first product of the Wood Division in Duratex. When I look at the evolution of the wood panels industry and semination of MDP and MDF panels in Brazil, these assets that currently produce panels are mainly towards exports, have lost relevance in our solutions portfolio. In addition, the restart activity in Itapetinga is scheduled for April had also encouraged the decision.

Therefore, in a move to improve our portfolio of solutions and world vision, moving to a higher value-added product, this line lost its strategic relevance for Duratex. In terms of opportunity, a positive view for all parts. Each company follows its strategy. Consumer are still supplied with panels and the society as a whole continues to generate income, jobs and tax collection. The transaction involves the swap of facility and equipment for the production farm. The transaction is worth BRL 60 million. And we do not expect significant results in 2018. We are swapping one asset for another one. We continue to produce MDF and HDF panels normally even in the line that we have in Botucatu.

According to this legislation, we have submitted this transaction to CADE. And it will only be finalized after its approval. Until this approval, we'll continue to operate this line in the normal production standards.

On the next page, Page #10, I will explain another event. So Slide #10, here we have the deals with Suzano sales of land and forest. When we presented the 4 avenues of growth, we talked about the avenue of forest solutions. The idea is to rationalize our asset base, preparing the company for better returns and unlocking the value that we believe exists on our lands and forests. Over the last 6, seven years of forest production, we have had a strong technology of -- technological development and improved the forest management in order to increase productivity. Briefly, we managed to grow more wood on a smaller slice of land. Thus, we are cultivating our forest closer to the panel (muse), reducing the

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average supply distance and accumulate surplus of land and wood. This operation is, therefore, monetizing part of our expertise accumulated by our forest unit.

We entered into a transaction with Suzano Papel e Celulose in 2 states. The first is the acquisition of land and exclusive forest, the total amount BRL 380 million (sic) (308 million). And we recognized an extraordinary profit in this operation. And the amount would be around BRL 140 million. The second step was to grant Suzano exclusive option to purchase another lot of land and forest. And the total amount will be BRL 749 million. This option can be exercised by Suzano until July 2, 2018. If Suzano chose to exercise this option, we will recognize an extraordinary profit in order to BRL 360 million, although it's ordinary. And therefore, has no impact on the recurrent EBITDA and recurrent net profit in this transaction. It would be important in our deleverage target. We will reduce slightly less than 1/2 of our net debt, since the amount receivable will be allocated mainly for this purpose.

I should like to make it clear that this operation involves Duratex surplus. So it does not compromise our capacity to supply panels for use, nor should it result in impact on the cost of wood. We still have some forest surplus. And we are working on the best way to monetize these assets and improve the return of our operations. I emphasize that the first solution is one of the growth areas of Duratex' 2025 plan. So there is a defined agenda to improve the use and return of our forest operations. This transaction is also submitted to CADE approval. And as soon as we receive this approval, we will implement it.

I turn now to Page #11, the last one, where I will present the message from the management.

In our recent years, we had shared with you guys several initiatives and made a commitment to improve our operation and profitability. Gradually, we have begun to present our first result of those initiatives. When we defined our strategic plan according for the new value proposition, we created the foundation with some of the main movements that we have made in the recent years: excellence in the management; consolidating the Duratex Management System and making our company more and more productive; accelerate the process of cultural transformation, which will be fundamental to everything that is to come; the improvement in our sustainability strategy assuming 2025 goals to be achieved in the coming years, which we will follow up. Innovation was included in our strategy. And we are stepping up in terms of investments in this area. And finally, the digital transformation has become part of the strategy. We have made some important moves to focus more on this agenda and also increase investments.

In this strategy, we place the customer at the core. We are introducing actions to stimulate demand for our solutions in both divisions, working to improve the product mix and focus on our portfolio with greater added value. Our capital allocation in the coming years will be driven by growth avenues: digital platform for consumers, solutions environment, water solution and (inaudible) forest solutions. Every time you think about growth for Duratex, we have to connect for these 4 avenues. In 2018, we have the challenge of integration of our new business, especially Ceusa, to explore its synergies and leverage that operation of our unit.



We will explore more of our 5 brands: Duratex, Durafloor, Deca, Hydra and now Ceusa.

These initiatives, in line with efficient cash management and deleverage process that we have discussed during the presentation, are designed to improve the organization's returns and position us as the best choice for our shareholders and our stakeholders. I finish my presentation now. And myself and Felipe, we are available for any questions you may have.

## Questions And Answers

### Operator

(Operator Instructions) Our first question comes from Lucas Ferreira with JP Morgan.

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

I was not able to join the Portuguese call. So I may sound a bit repetitive here. But I wanted to touch base on actually the proceeds of this deal with Suzano. Especially, in the case that the option is exercised, you guys would have more than BRL 1 billion of extra cash in the balance sheet. So I was wondering what is the level of leverage you guys feel comfortable with going forward. And I imagine that this extra cash would also allow you to do more things like paying dividends or even preparing for a organic expansion or an M&A. So how do you -- should we think about it? That's my first question. And the second question is more of a strategic one, about the future of the wood panel division, since -- I understand that the speech on the value creation, the capital allocation discipline, by in a matter of a month or 2, you guys actually decreased your exposure to the wood panel division by swapping the assets with Eucatex. You're also selling woods in São Paulo. So in other words maybe telling competitors that you should not be expanding your capacity in the region in the short term. So how should we think about it? Are you guys done with, let's say, the removal of capital of the wood panel division or not? We should expect new things going on that would lead to a decrease of your exposure to this business in specific.

#### A - Felipe Saraiva

Thank you for your question, Lucas. This is Felipe speaking here. So I'm going to start with the second question. We are basically done right now with the movement that we made to adjust our wood panel structure. So the swap of assets with Eucatex. And right now the sale of land versus (inaudible), those were the 2 big movements that we had in our pipeline. Right now, our focus of the wood panel business is regarding value creation. So we are basically trying to improve the list of products in our portfolio, try to sell more coated products rather than standard products. This will be the main challenge of the wood business going further. For the Wood Division as a whole, we still have some challenge regarding forest. So we have announced in the past a project in Minas Gerais that is not going to take place anymore. So we still have surplus of forest, not of land. But forest in Minas Gerais. And we are studying right now some opportunities that we have to monetize with us. So regarding the wood business value creation, I would say that this is the point that we are at right now. Regarding the first question of the proceedings for the deal with Suzano, we have theories to exercise the call option that they have. We would

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reduce our net debt in almost BRL 1 billion. It would be almost 1/2 that we have right now. The cash impact of this deal is not 100% right now (in taking) part, especially the first part of the deal, 100% of the cash is going to turn inside in '18. But the second part of the deal if they exercise their call option, I would say, that at least 1/2 of the cash is going to -- we're going to receive it in the next year in '19. So we still have some time for this deleverage process. Right now, they're (using) to deleverage the component to become more lenient. We still don't have visibility to (inaudible) this with more dividend and anything like that. Their deal right now is to reduce leverage and take us on a more strategic position to think more, especially in our new strategic planning for 2025. So every time that we think about growth in capital allocation, you have to have in mind those 4 areas: digital transformation, solutions for environment, water solution and also forest solutions. So I would not say that we have M&A or anything in the pipeline that needs to become lenient to work more on that strategic planning.

## Operator

Our next question comes from Juan Tavaréz with Citi.

### Q - Juan Tavaréz {BIO 15083199 <GO>}

So just maybe to touch base on the forestry deal. So what that means for just the short term in terms of profitability, Felipe. You mentioned that you have excess forestry. But I'm curious if that could start to impact your cost structure, if you're going to be using that onwards. And if you could just give us some visibility there, if there is any cost impact to the sale of this forestry. And second, maybe just following up on Lucas' point on the strategic moves going forward. So I just want to get a better sense of within the wood panel division, are you looking to capture market share going forward? Or are you extremely just focused on productivity and profitability? I put this in the context of the restart that you have planned in April of one of your plants. I'm just curious how we should be thinking about that entry into the market. And in long term, should we be looking for you to be focused on market share or just clearly your product mix and profitability?

### A - Felipe Saraiva

Okay. Thank you for your question. So basically the first one I'll quickly answer. It doesn't impact the supply of our facility. It doesn't impact covenants. We do not expect any important impact of this transaction. It was a surplus of land and forest that we have. We are trying to reduce the average distance to the goods. And right now, we are trying to adjust better the capital invested in this wood business to achieve a better level of returns. Regarding the second question, we are not giving up of market share. So when you look for the future, that deal is to continue running similar levels of market share that we have. If you think about capacity share, we are a little bit less than 40% of the capacity in the industry.

### A - Guilherme Setubal Souza e Silva {BIO 20114864 <GO>}

And the idea here, Juan, is to maintain the same strategy that we had last year. So focus on profitability in products and improve the mix of products, focusing more on coated products than standard products.

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## A - Felipe Saraiva

Yes. I would say that thinking about the future for the Wood Division, the main difference is that we want to escalate the participation of coated products in our mix of products that we sell. So while we basically want to reduce the basic ones in our great realm of products.

## Q - Juan Tavaréz {BIO 15083199 <GO>}

Got it. Understood. And just following up there. So are there segments of the market today that you're not exposed to. But you think you could potentially do an acquisition or do some organic initiatives to focus on kind of higher-profitability products in the coating segment?

## A - Felipe Saraiva

No. It doesn't necessarily involve new acquisition or investments. We already have investments done for coating products. So it's basically the development of new solutions and also the commercial implementation of those solutions. So if you have some challenge regarding these. But I would say that the main target of the Wood Division right now is improving the mix of products with the current structure that we have of assets.

## Operator

Our next question comes from Jon Brandt with HSBC. (Operator Instructions)

This concludes today's question-and-answer session. I would like to invite Mr. Guilherme Silva to proceed with his closing statement. Please go ahead, sir.

## A - Guilherme Setubal Souza e Silva {BIO 20114864 <GO>}

Again, thank you, everybody, to follow this conference call. Very important conference call for Duratex. I would like to invite you to read the executive summary of the annual report, which brings some of our achievements of 2017. The full report is in the final construction phase and will be published in March. Again, thank you very much. Our IR team is always available to assist you. And feel free to contact us. Thank you.

## Operator

That does conclude Duratex audio conference for today. Thank you very much for your participation. Have a good day. And thank you for using Chorus Call.

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