



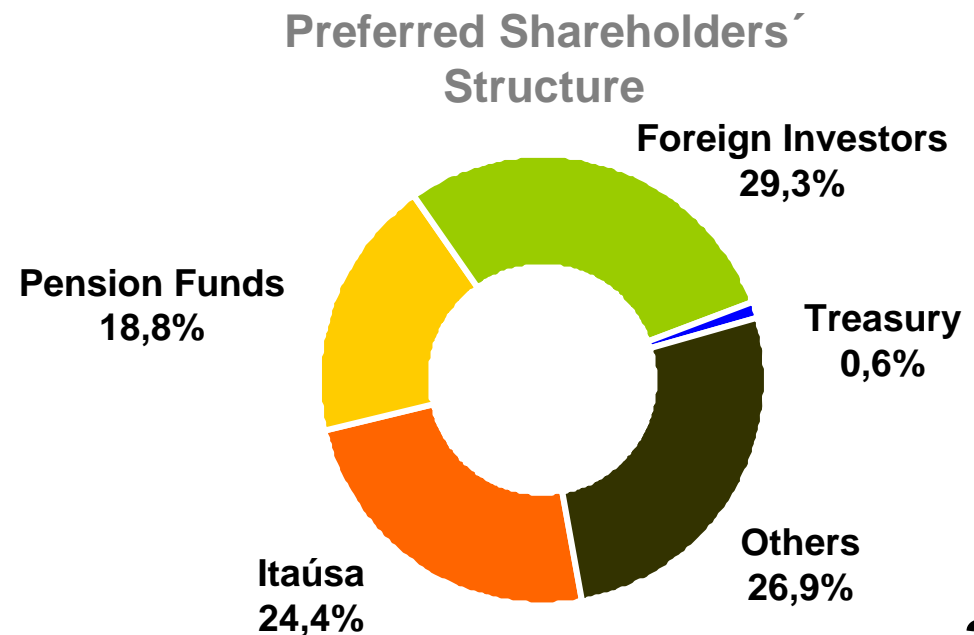
# DURATEX

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## 2005 Year End Results

February, 15th of 2006  
[www.duratex.com.br](http://www.duratex.com.br)

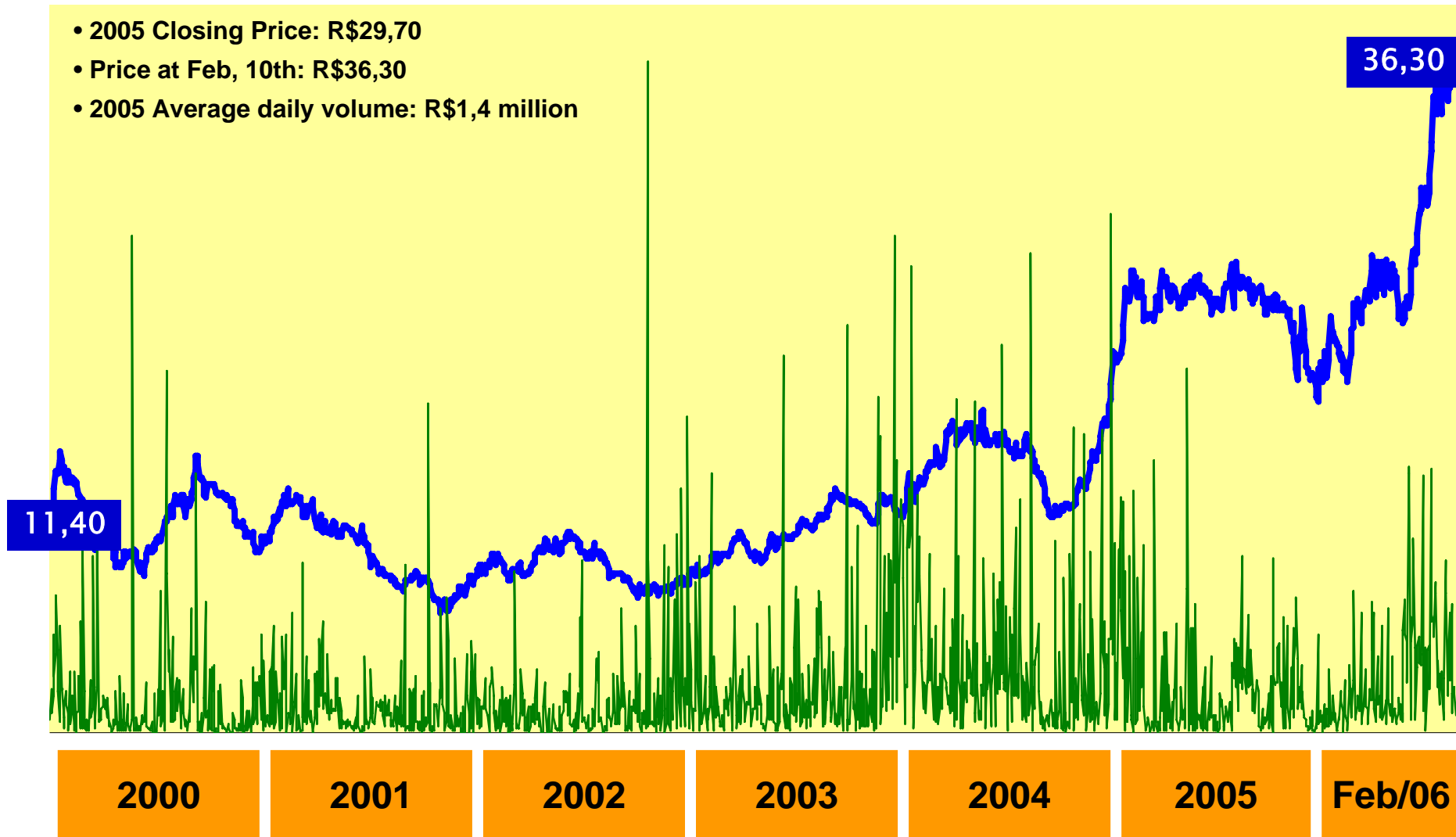
- Total Outstanding Shares: **59 million:**
  - Common **37%;**
  - Preferred **63%.**
- Market Capitalization: **R\$ 2.138,6M.**



# ➤ Performance of Duratex Preferred Shares



- 2005 Closing Price: R\$29,70
- Price at Feb, 10th: R\$36,30
- 2005 Average daily volume: R\$1,4 million

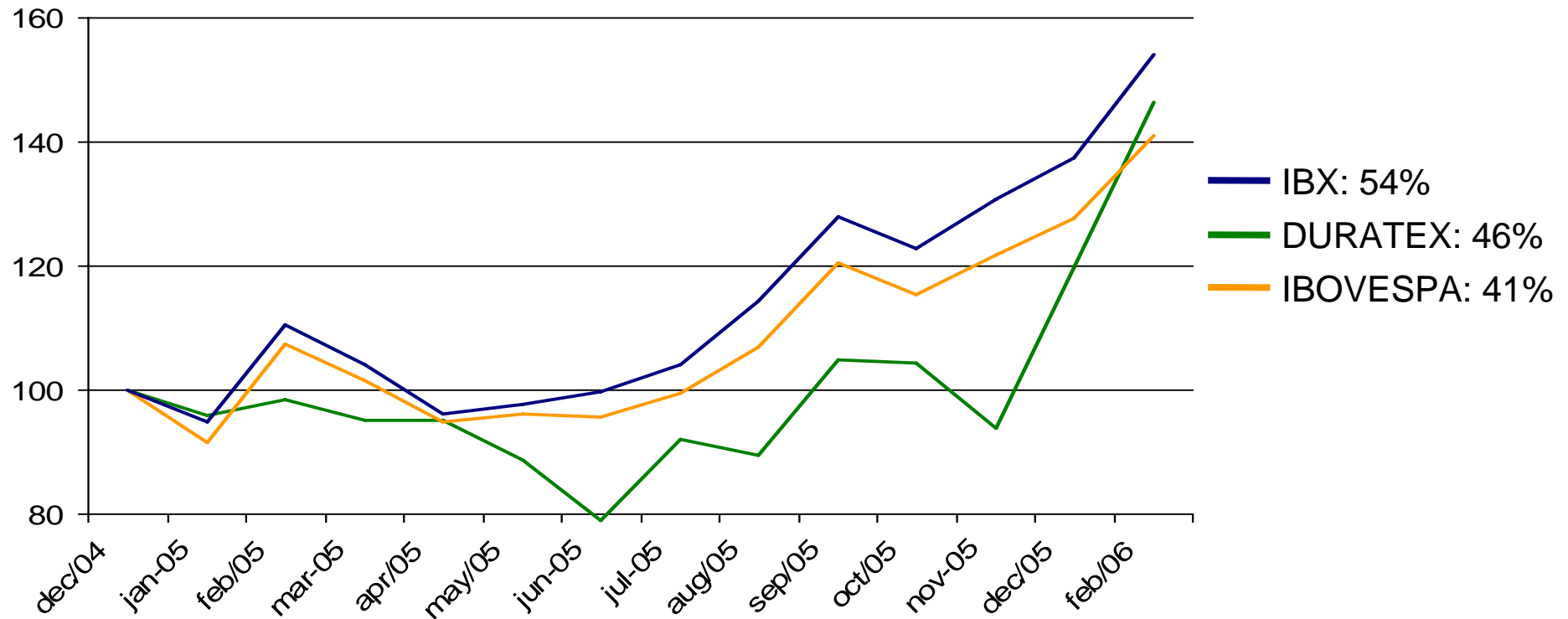


# ➤ Performance of Duratex Preferred Shares



## ▪ Duratex Preferred Shares x Stock Indexes (100 basis as of DEC/04)

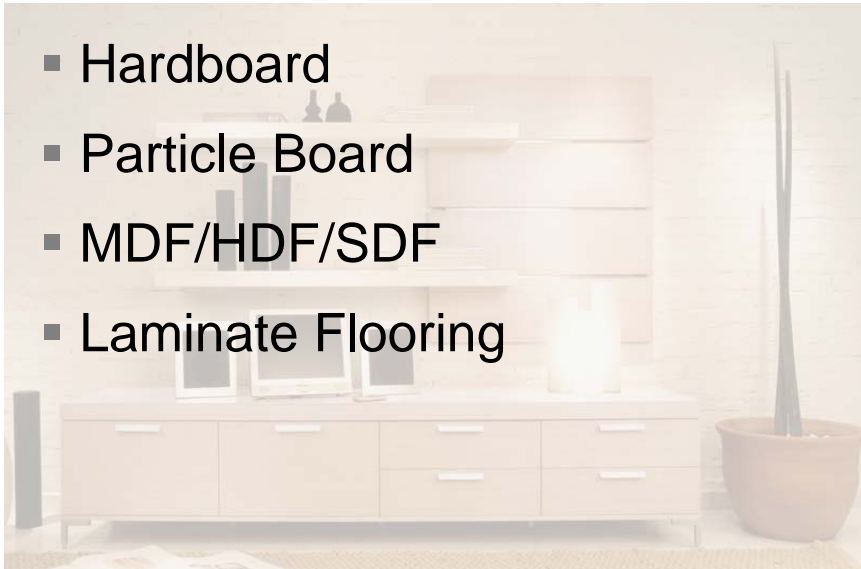
Valorization between Dec/2004 and Feb, 10<sup>th</sup> of 2006



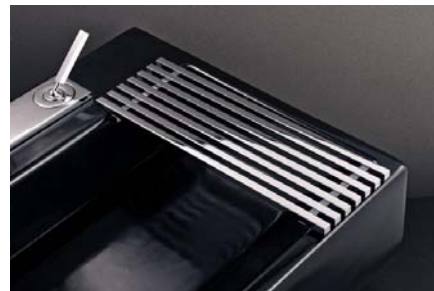


## Wood

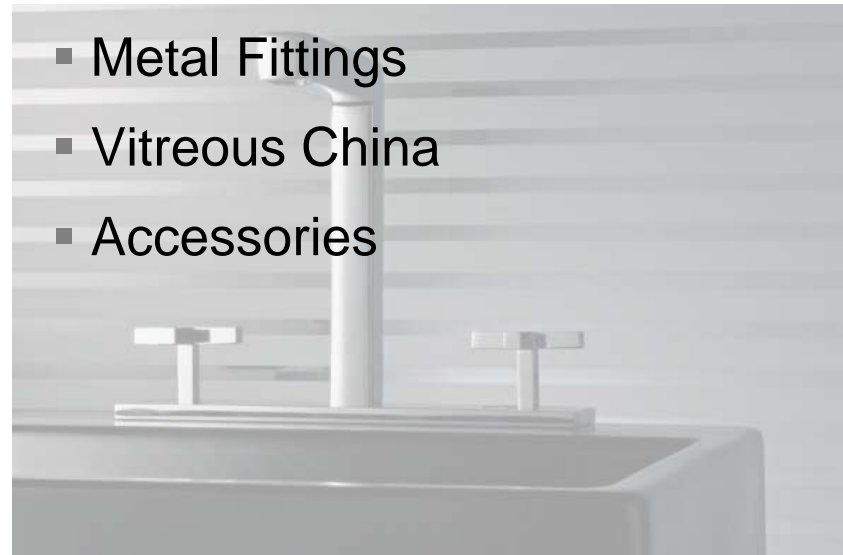
- Hardboard
- Particle Board
- MDF/HDF/SDF
- Laminate Flooring



## Deca



- Metal Fittings
- Vitreous China
- Accessories

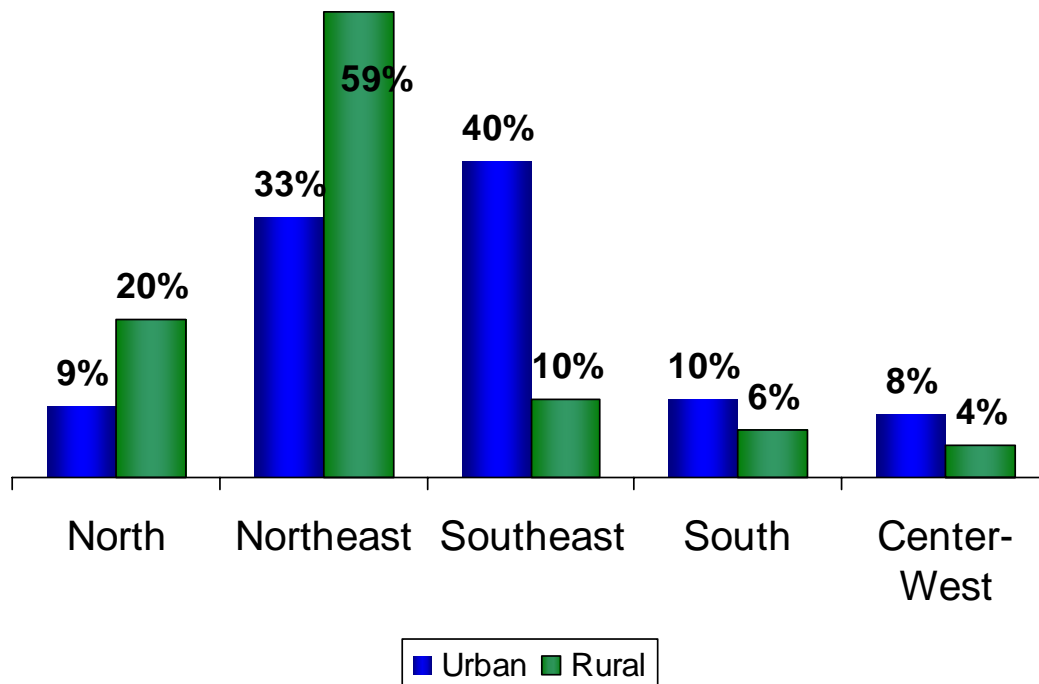


### **Information presented at the 6th Meeting of the Brazilian Construction Industry – ConstruBusiness FIESP**

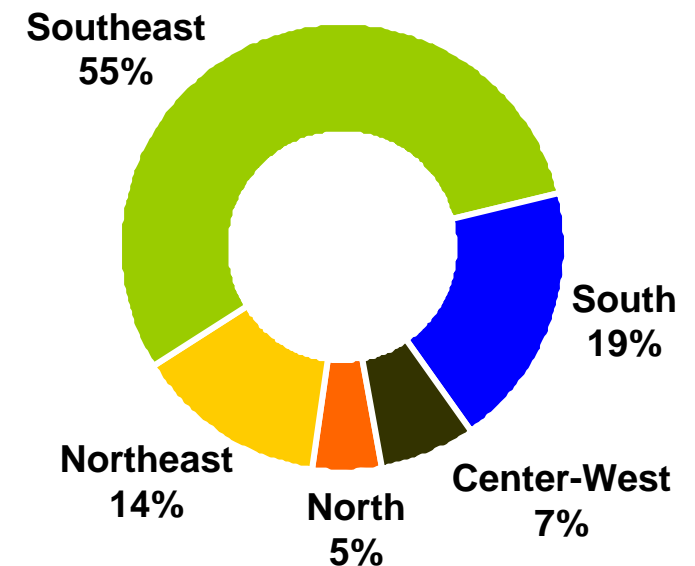
- Civil Construction → 13,8% of the GDP;
- Responsible for approximately 15 millions of jobs, including direct and indirect jobs;
- Sector's bottlenecks:
  - Housing deficit → 7,2 millions of houses;
  - Low level of governmental investments;
  - Sector sensitive to the Economic Activity.

**As of Itaú Corretora's Report released on Jan, 7th of 2006, there are positive forecasts of economic growth for the next 3 years.**

Housing Deficit by Type of dwelling and region (%)



Participation of the GDP by Region (%)



### Budget for Housing and Civil Construction Industry of 2006

**R\$ 18,7 billions** {  
→ 36% private investment;  
→ 64% public investment (FGTS / CEF / Federal Resources).

### Act 5.697/05

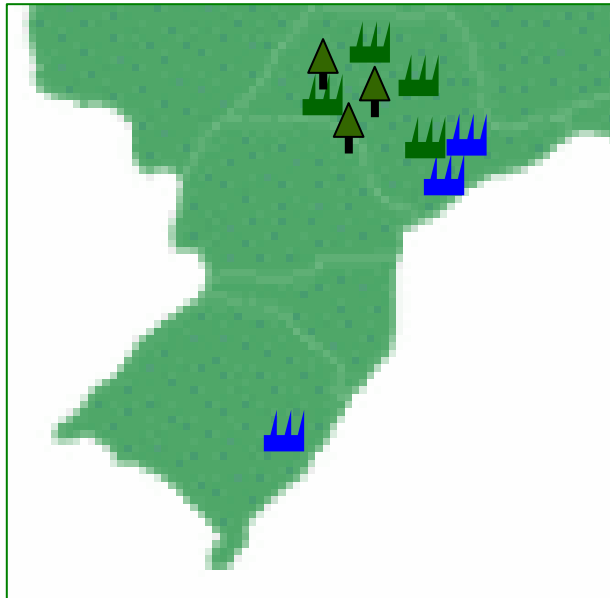
Tax reduction on **41 products** for the Civil Construction:

- Reduction of IPI Tax to 5% on products charged from 10% to 15%;
- Reduction IPI Tax to ZERO on products charged up to 5%.

### Impact in Duratex (IPI Taxes)

- Metal Fittings before 12% → 5% (exception: showers, accessories and other items);
- Vitreous China before 10% → 5% (exception: accessories);
- Accessories of Laminate Flooring before 5% → ZERO.

# ➤ Location



Wood Division Units



90.000 ha of land and forestry



Deca Division Units



**MDF/HDF/SDF and Hardboard – Botucatu/SP**



**Particle Board – Itapetininga/SP**



**MDF – Agudos/SP**



**Hardboard – Jundiaí/SP**



**Metal Fittings/SP**



**Vitreous China II – Jundiaí/SP**



**Metal Fittings – Jundiaí/SP**



**Vitreous China III - São Leopoldo/RS 9**



## Wood

### Competitive Advantages:

- Leadership → market share and capacity;
- Broad product line;
- Production scale;
- Timberland self-sufficiency.

### Introduced Actions in 2005 and Ongoing Actions:

- Acquisition of complementary equipment → improvement of the selling mix;
- Introduction of a computing management system for freight and revision of the shipment logistics that should generate annual cost savings of R\$ 6M;
- Launching of the Eco Panel in 2006 → more competitive production cost.



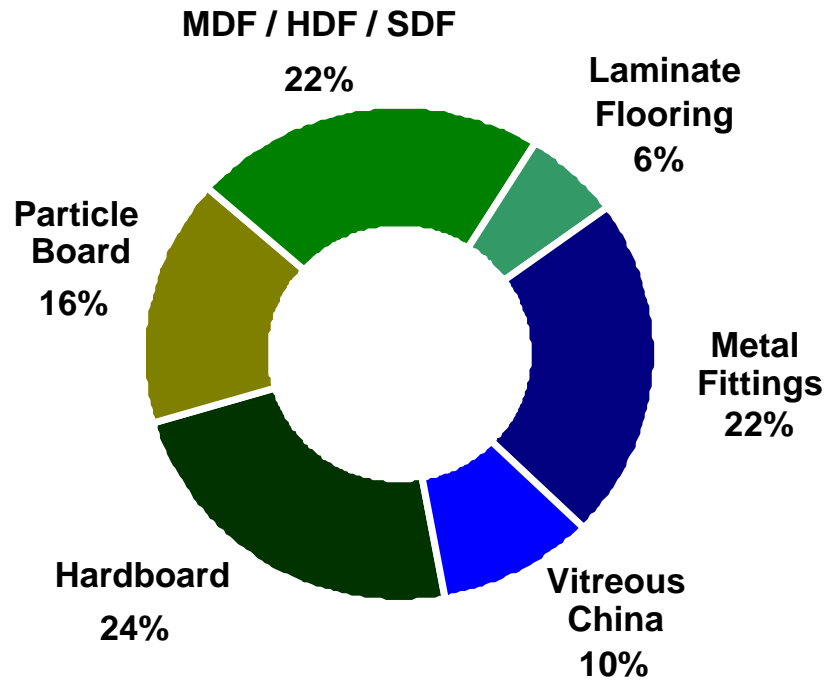
### **Competitive Advantages:**

- Strong brands and country wide presence;
- Leadership → higher end segments – luxury and super-luxurious products;
- Marketing;
- Well regarded technical assistance network.

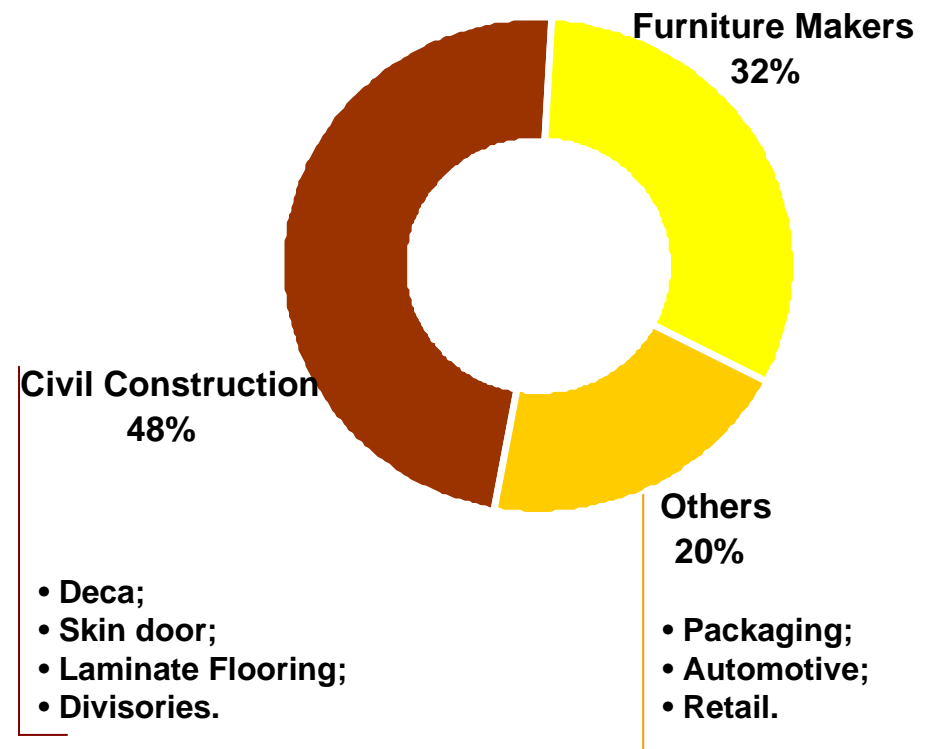
### **Introduced Actions in 2005 and Ongoing Actions:**

- Effective cost and expense reduction
- Adjustment of the product portfolio;
- Vitreous china export contract - OEM (*Order for Engineering Manufacturing*).

### Net Revenues Breakdown



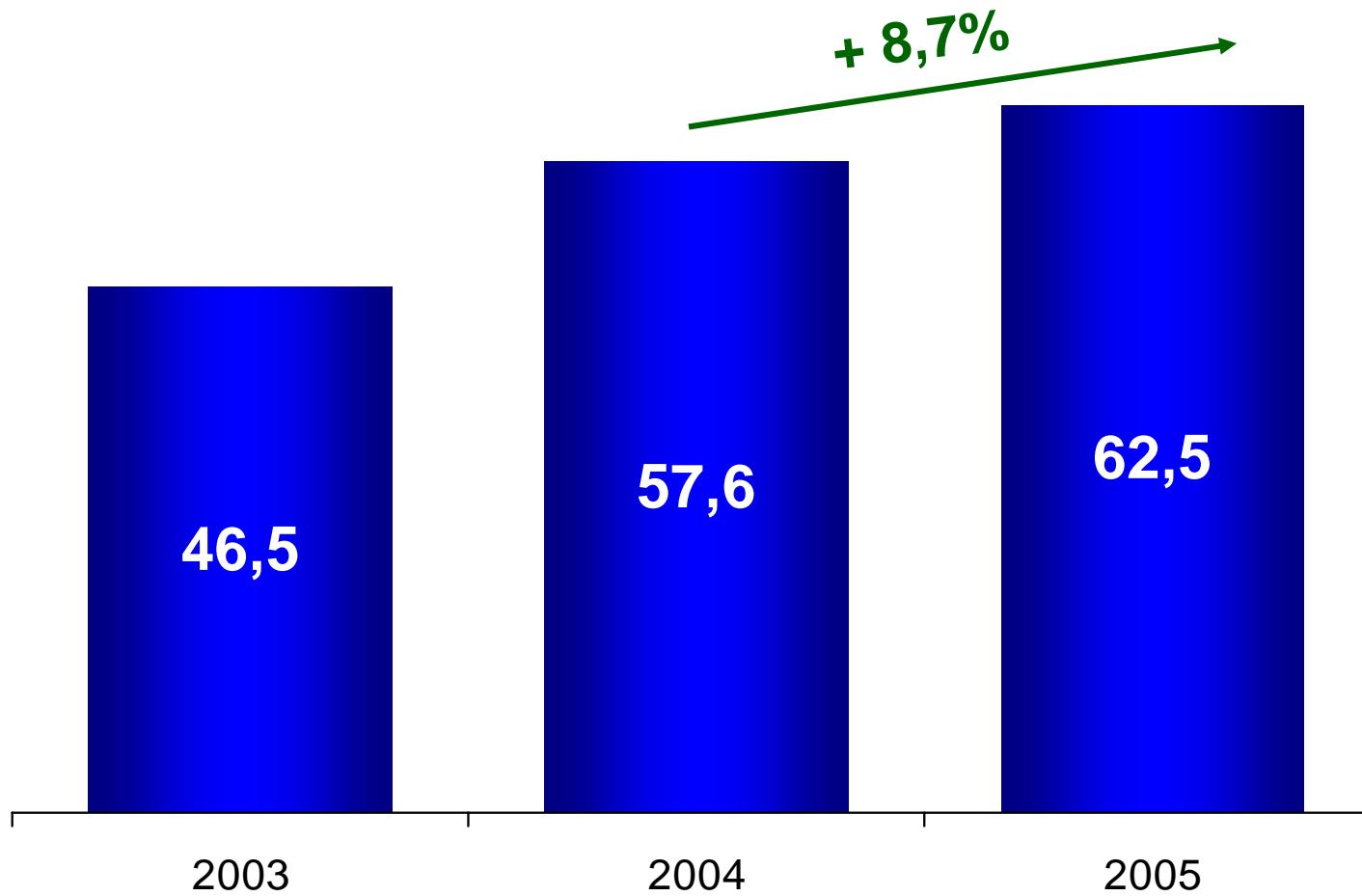
### Distribution Channel



## ➤ Industrial Capacity & Occupancy Rate



	2005	2004	2003
<b>Hardboard</b> (in m <sup>3</sup> /year)	<b>360.000</b>	<b>360.000</b>	<b>360.000</b>
	90,8%	86,7%	91,8%
<b>Particle Board</b> (in m <sup>3</sup> /year)	<b>500.000</b>	<b>500.000</b>	<b>500.000</b>
	70,7%	71,7%	63,2%
<b>MDF/HDF/SDF</b> (in m <sup>3</sup> /year)	<b>640.000</b>	<b>640.000</b>	<b>640.000</b>
	68,4%	69,9%	55,6%
<b>Metal Fittings</b> (in 1.000 pieces/year)	<b>14.400</b>	<b>14.400</b>	<b>14.400</b>
	70,9%	75,2%	80,0%
<b>Vitreous China</b> (in 1.000 pieces/year)	<b>4.200</b>	<b>4.200</b>	<b>3.180</b>
	64,3%	67,3%	86,1%



▪ Hardboard

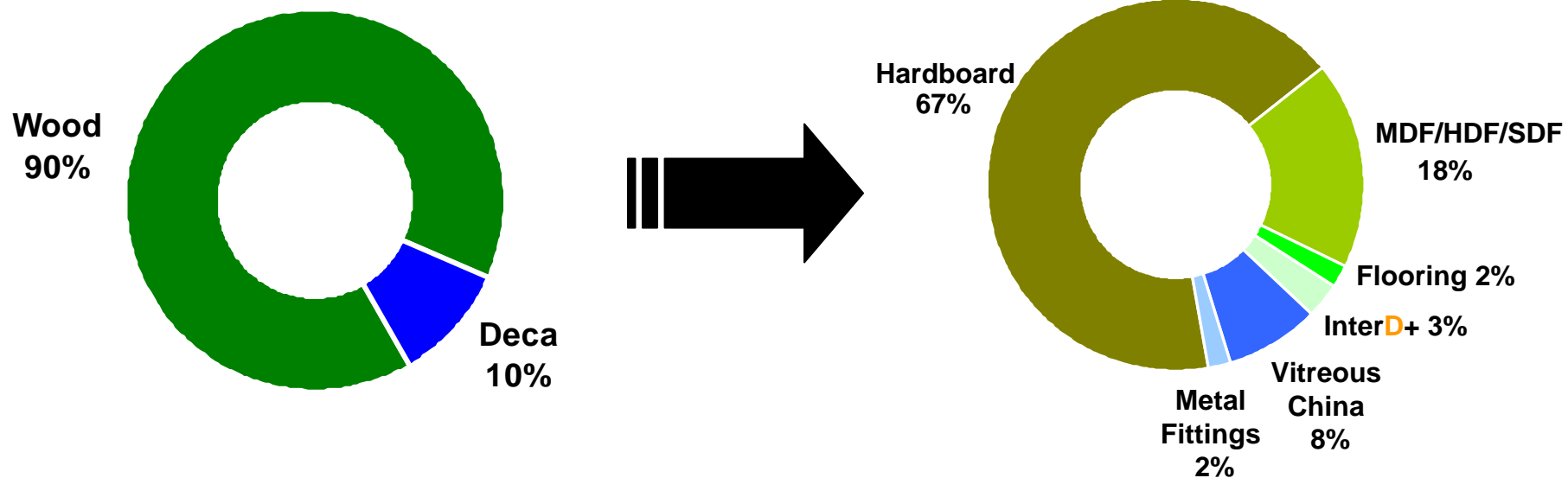
→ 2005: US\$ 41,3 million  
→ 2004: US\$ 36,1 million

↑ + 14%

▪ Vitreous China

→ 2005: US\$ 4,7 million  
→ 2004: US\$ 3,6 million

↑ + 31%



■ Main Markets:

United States	51%
Europe	19%
Asia and Middle East	7%
South / Central Americas	15%
Others	8%

# ➤ Consolidated Income Statement



	2005	2004	2003
<b>Shipments</b>			
<b>Wood (in m<sup>3</sup>)</b>	1.040.363	1.050.753	905.580
<b>Deca (in 1.000 pieces)</b>	12.825	13.747	13.318

(in R\$ millions)

<b>Net Revenues</b>	<b>1.270,6</b>	<b>1.188,2</b>	<b>989,6</b>
COGS	(666,1)	(654,4)	(574,3)
Depreciation	(77,7)	(69,8)	(55,7)
<b>Gross Profit</b>	<b>526,8</b>	<b>464,0</b>	<b>359,6</b>
<i>% Gross Margin</i>	41%	39%	36%
<b>Operating Profit before Fin. Results</b>	<b>282,2</b>	<b>246,5</b>	<b>173,4</b>
<b>Net Income</b>	<b>137,1</b>	<b>125,3</b>	<b>64,0</b>
<b>EBITDA</b>	<b>362,6</b>	<b>320,6</b>	<b>232,2</b>
<i>% EBITDA Margin</i>	29%	27%	23%
<b>ROE</b>	<b>13,0%</b>	<b>12,7%</b>	<b>6,8%</b>

## ➤ Quarterly Performance



	4Q05	3Q05	2Q05	1Q05	4Q04
<b>Shipments</b>					
<b>Wood (in 1.000 m<sup>3</sup>)</b>	275,3	254,5	262,5	248,1	257,8
<b>Deca (in 1.000 pieces)</b>	3.390	3.376	2.855	3.204	3.303

(in R\$ million)

<b>Net Revenues</b>	<b>330,3</b>	<b>317,9</b>	<b>316,1</b>	<b>306,3</b>	<b>304,9</b>
COGS	(199,2)	(190,8)	(180,0)	(173,9)	(183,7)
<b>Gross Profit</b>	<b>131,1</b>	<b>127,1</b>	<b>136,1</b>	<b>132,5</b>	<b>121,1</b>
<i>% Gross Profit</i>	40%	40%	43%	43%	40%
<b>Operating Result</b>	<b>64,7</b>	<b>65,5</b>	<b>77,2</b>	<b>74,8</b>	<b>56,1</b>
<b>EBITDA</b>	<b>85,4</b>	<b>85,5</b>	<b>97,9</b>	<b>93,8</b>	<b>73,9</b>
<i>% EBITDA Margin</i>	26%	27%	31%	31%	24%
<b>Net Income</b>	<b>31,3</b>	<b>33,1</b>	<b>32,7</b>	<b>40,1</b>	<b>32,6</b>
<b>ROE (annualized)</b>	<b>12,5%</b>	<b>13,4%</b>	<b>13,5%</b>	<b>16,9%</b>	<b>13,8%</b>

## ➤ Consolidated Financials per Division

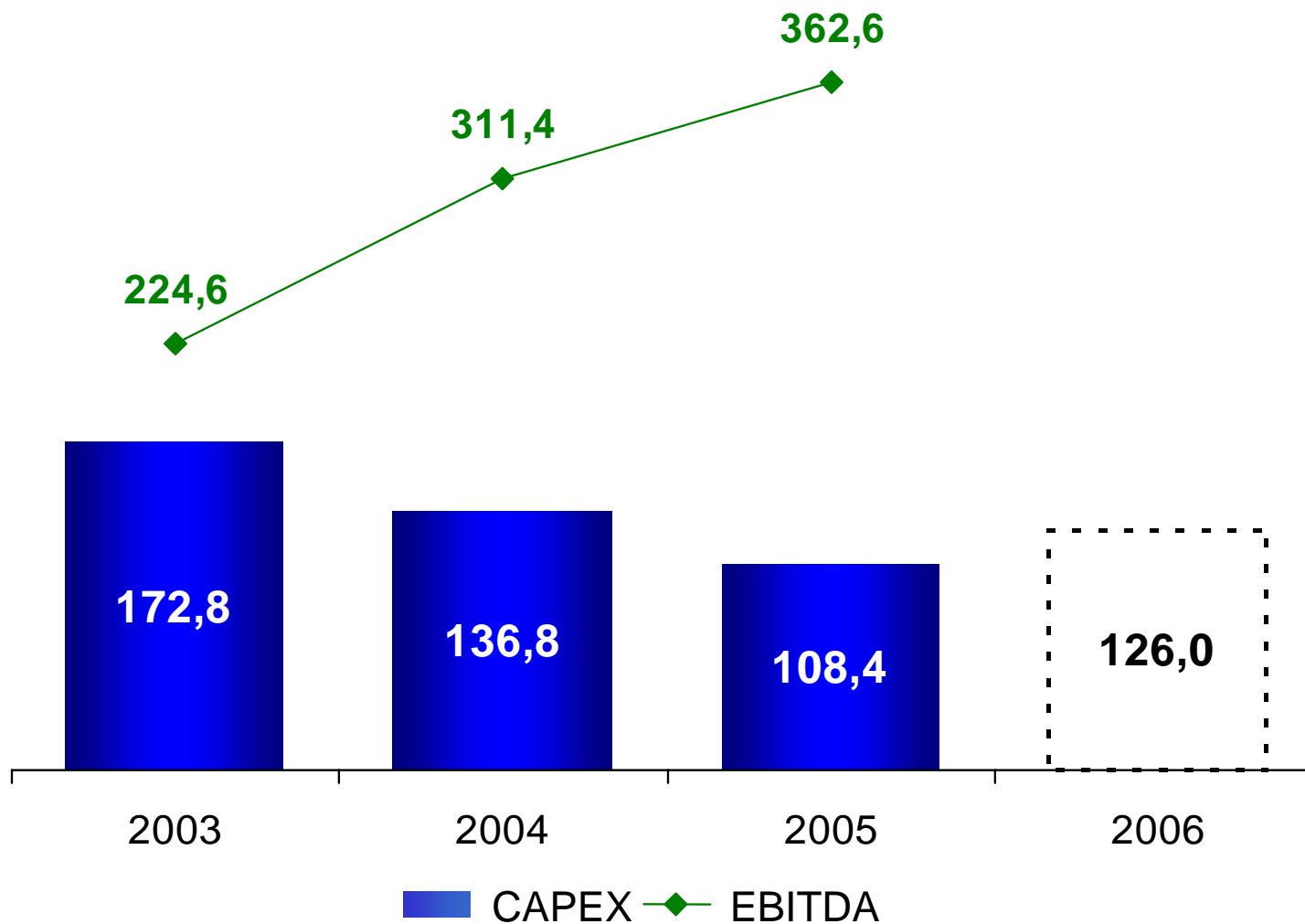


Year 2005	Wood Division		Deca Division		Consolidated	
	R\$ M	VA%	R\$ M	VA%	R\$ M	VA%
<b>Net Revenues</b>	<b>860,0</b>	100%	<b>410,6</b>	100%	<b>1.270,6</b>	100%
COGS	(442,3)	51%	(223,8)	55%	(666,1)	52%
Depreciation	(56,3)	7%	(21,4)	5%	(77,7)	6%
<b>Gross Profit</b>	<b>361,4</b>	42%	<b>165,4</b>	40%	<b>526,8</b>	41%
<b>EBITDA 2005</b>	<b>267,1</b>	31%	<b>95,5</b>	23%	<b>362,6</b>	29%
<b>EBITDA 2004</b>	<b>255,5</b>	32%	<b>65,2</b>	17%	<b>320,6</b>	27%
<b>EBITDA 2003</b>	<b>177,7</b>	27%	<b>54,5</b>	16%	<b>232,2</b>	24%

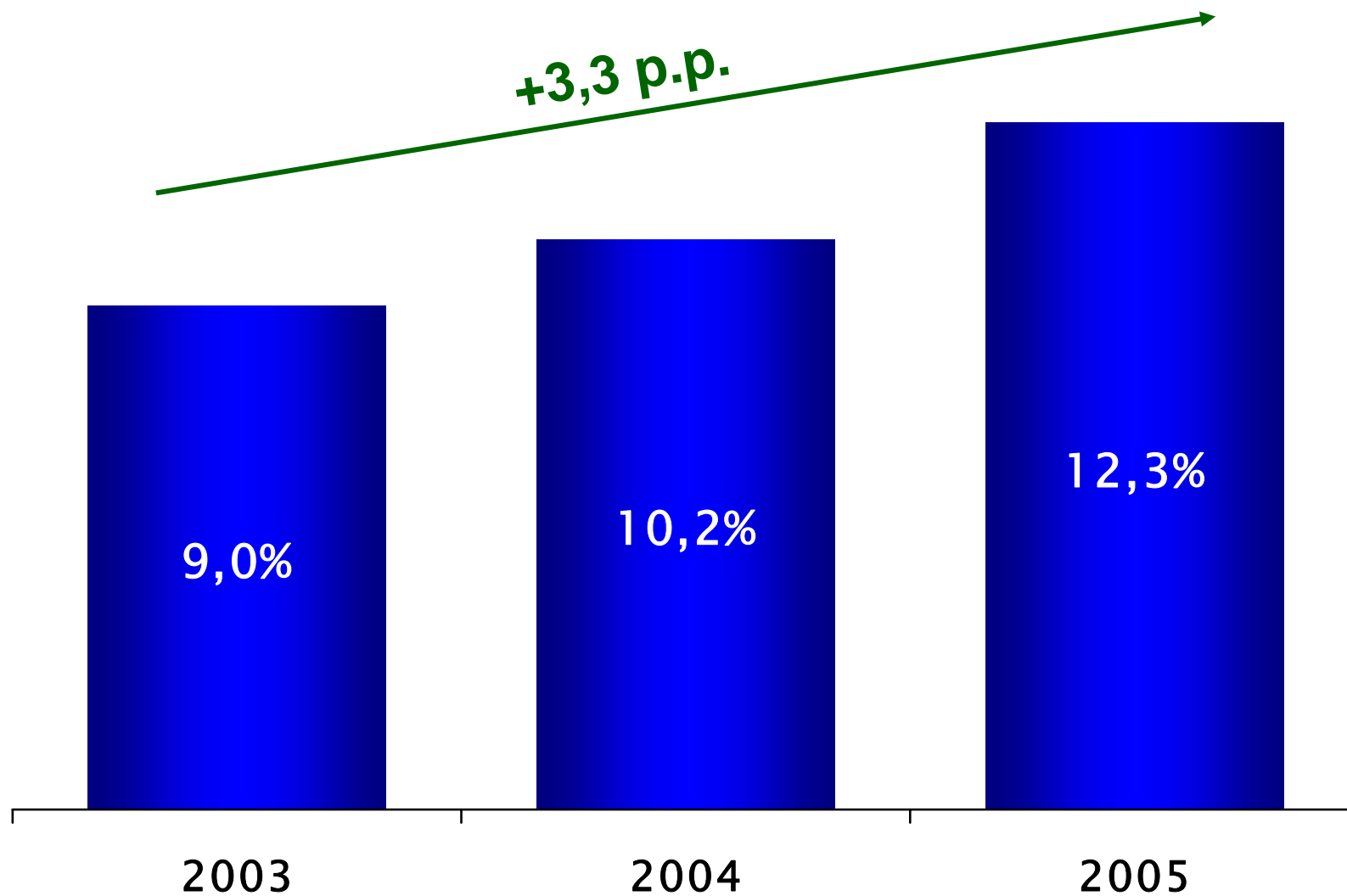
## ➤ Capital Expenditures (in R\$ M)

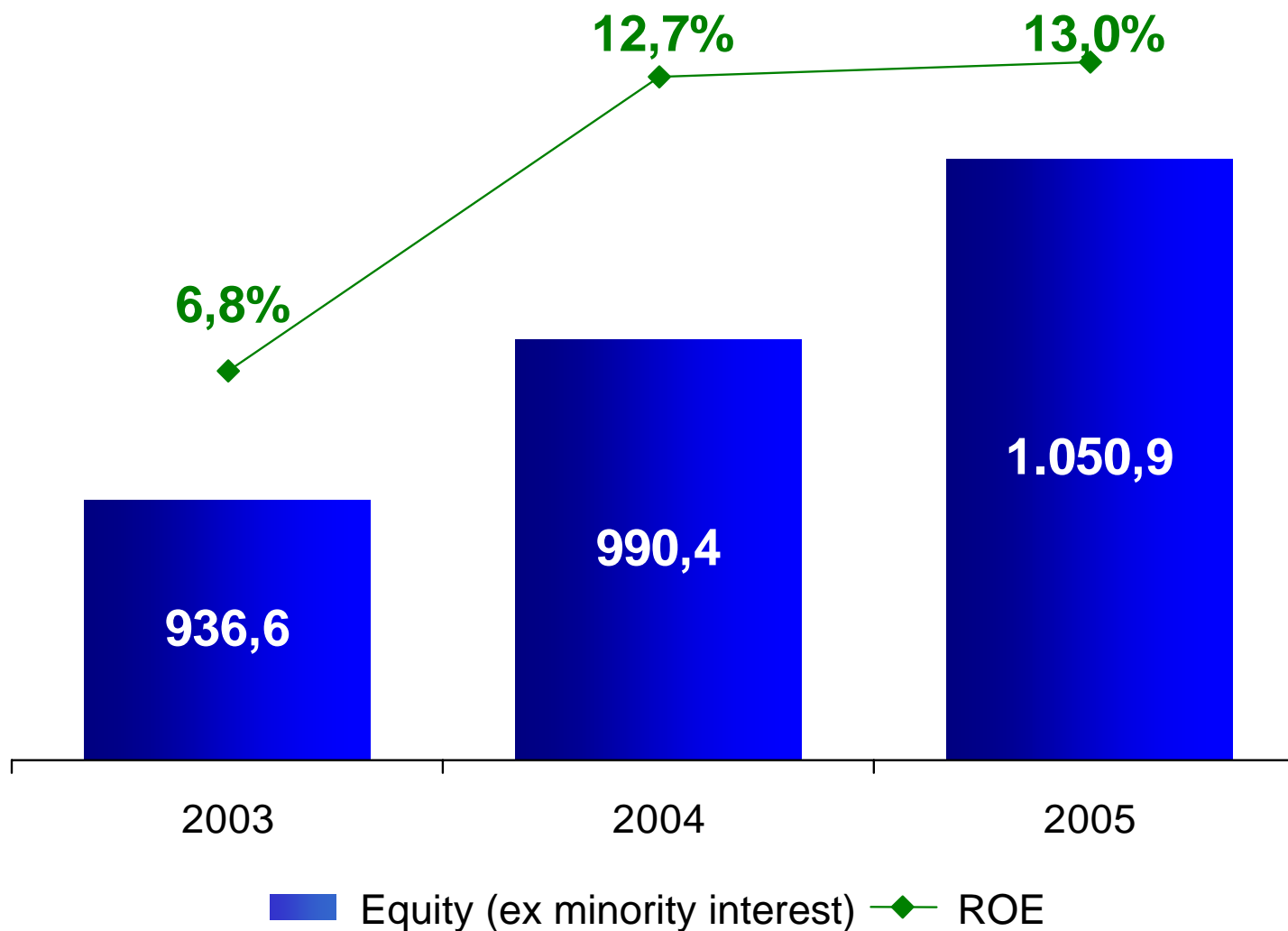


- Total invested over the last 3 years: R\$ 418,0 millions



## ➤ Return on Invested Capital (ROIC)

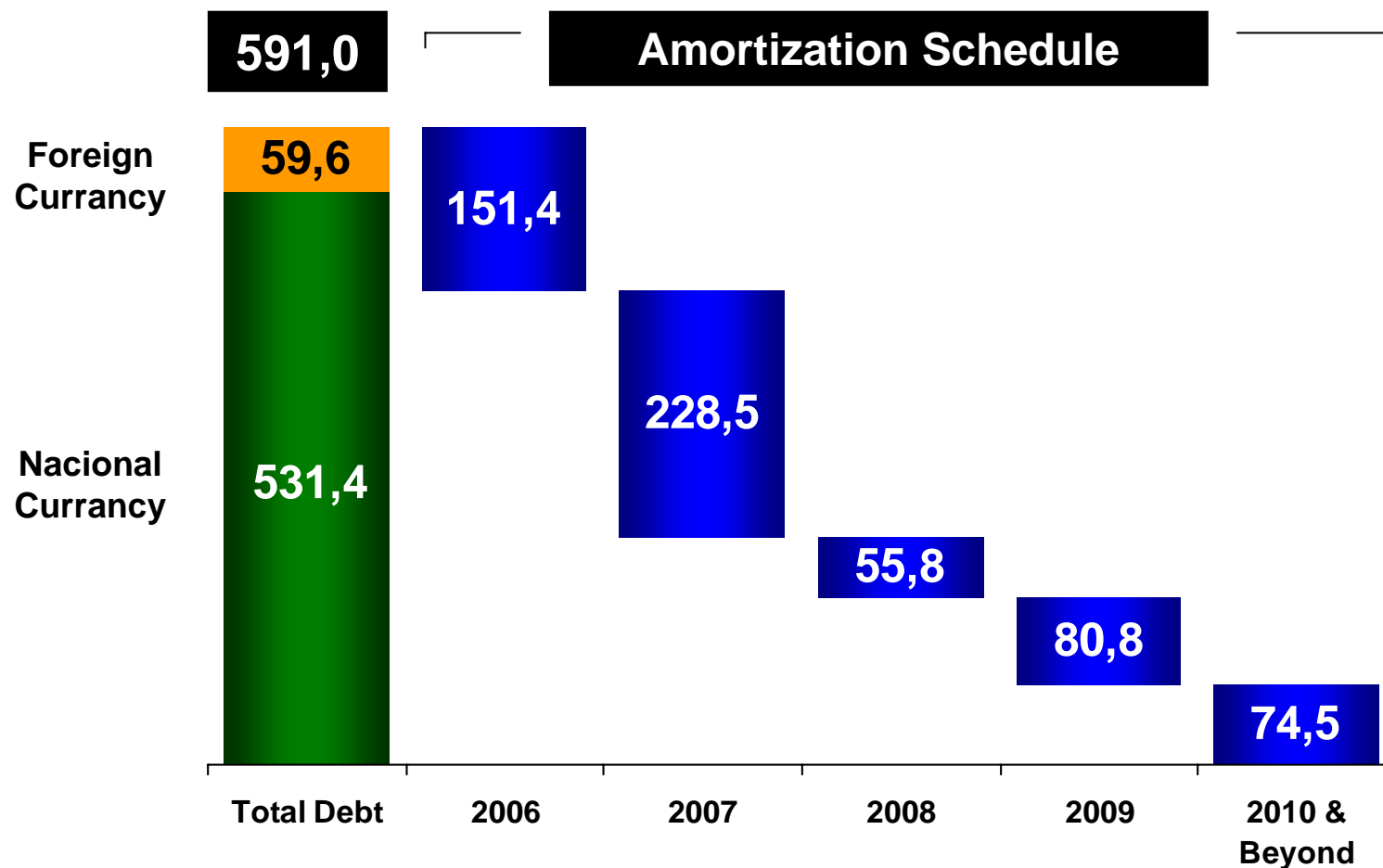




# ➤ Total Debt & Amortization Schedule



(in R\$ Million)



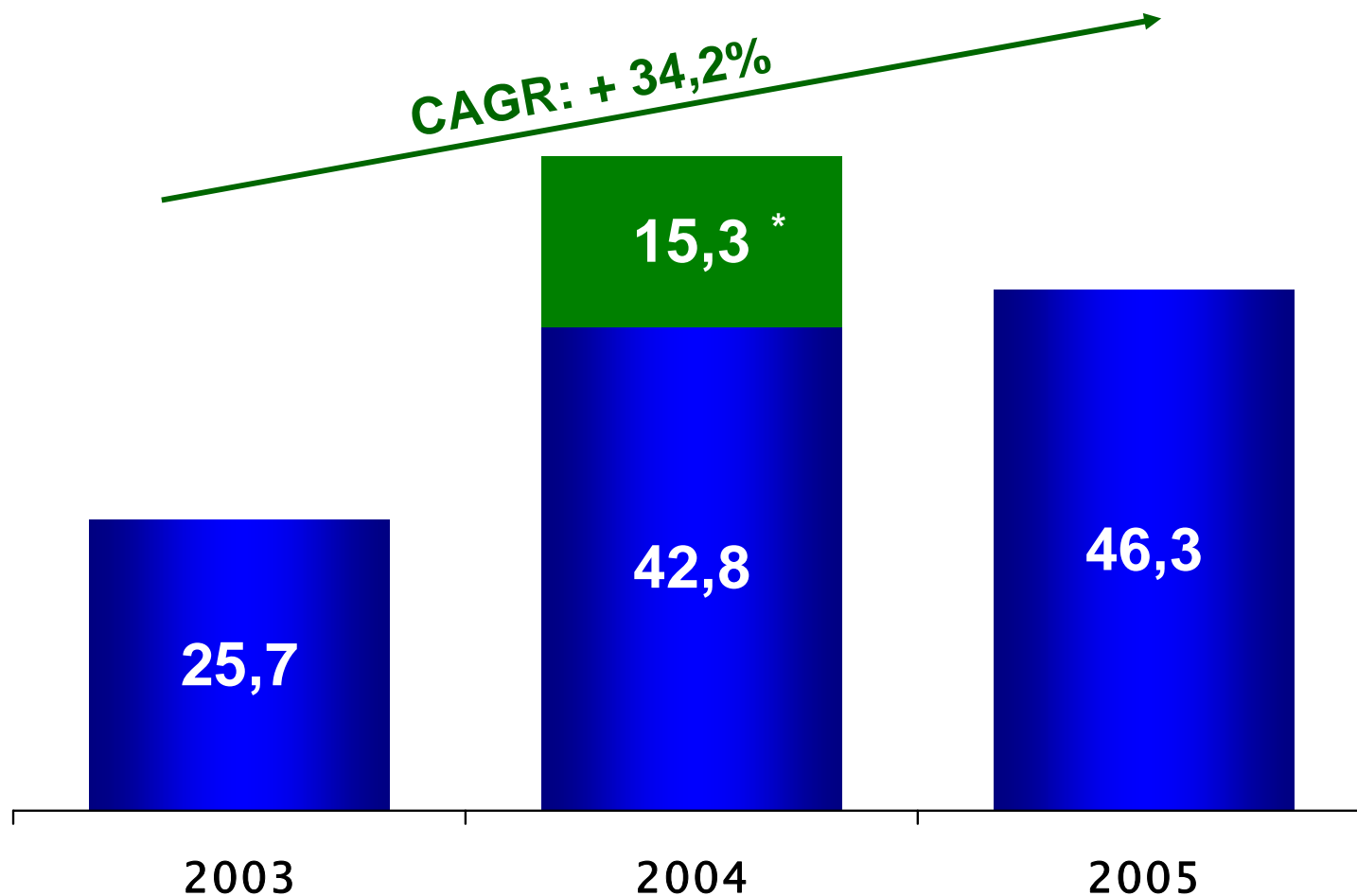
→ Cash  
→ Net Debt

R\$ 234,0 M  
R\$ 357,1 M

→ Net Debt / Equity  
→ Net Debt / EBITDA

34,0%  
0,98x

## ➤ Dividends (in R\$ M)



\* Extraordinary Dividend



# DURATEX

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## 2005 Year End Results

February, 15th of 2006  
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