



3rd Quarter 2013 Results



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Quarterly Conference Call
Wednesday October 30th, 2013
10:00 a.m. Mexico City time

Highlights

- Proteak’s Shareholders’ meeting held on July 11 declared a **capital increase** through the issuance of 80,933,750 Ordinary Participation Certificates (CPOs), at a price of MXP 12.0 per CPO, totaling MXP 971.2MM (USD 75MM).
- Proteak concluded the **acquisition of Forestaciones Operativas de México, S.A. de C.V. (“FOMEX”)** for a total amount of USD 30.6MM.
- German bank **Commerzbank, AG** approved a loan of USD 90MM for the acquisition of the MDF machinery. This loan ensures all the resources needed for the project’s development.
- Proteak **restructured** its administrative organization and management team in order to align them to its new core business units: teak and eucalyptus.
- Quarterly teak **roundlog sales** registered a 10% decrease compared to the previous quarter, reflecting the devaluation of the rupee and the economic slowdown in India.
- To counteract this situation, while defending the sale prices of its higher-value products, Proteak increased its presence in the **Chinese** and **Vietnamese** markets.
- Continuing with the process of divesting **non-strategic assets in Costa Rica**, Proteak sold two plantations (mainly of Acacia), for a total of USD 2.1MM.
- During this quarter, **atypical rainfall** occurred in the south-east of the country caused by tropical storm “Manuel” and hurricane “Ingrid”. Thanks to its drainage system, however, Proteak’s plantations did not suffer any damage.

New Projects

I. Capital Increase and Corporate Change to “S.A.B.”

Once the corresponding legal term elapsed and having fulfilled all the requirements, Proteak’s Shareholders’ meeting held on July 11 approved the adoption of the “Sociedad Anónima Bursátil (S.A.B.)” figure, with the consequent amendment of to its corporate bylaws.

With 94% of total voting shares represented in the meeting, Shareholders also declared a capital increase through the issuance of 80,933,750 Ordinary Participation Certificates (CPOs), at a price of MXP 12.0 per CPO. Resources will be allocated to the growth and diversification of Proteak’s business portfolio, including the acquisition of Forestaciones Operativas de México, S.A. de C.V. (“FOMEX”) from Grupo KUO and the installation of a MDF production facility in Tabasco with an annual capacity of 200,000 cubic meters.

The capital increase was successfully completed through the subscription rights of mainly institutional investors, who now hold 70% of Proteak’s shares. Proteak received MXP 971.2MM for 33% of the Company.

II. FOMEX Acquisition

During the quarter, Proteak acquired 100% of the shares of FOMEX for USD 30.6MM.

The main assets acquired include over 8,000 hectares of eucalyptus plantations in Tabasco, Veracruz and Oaxaca, a nursery garden, offices and other forestry assets.

The integration of all operations and human resources has been completed with no setbacks.

To ease this transition period, Proteak signed a management and technology services contract with KUO for six months.

III. MDF Project

Proteak, advised by Pöyry, analyzed and incorporated to its business strategy the acquisition of softwoods (specifically, eucalyptus) and transformation processes (MDF boards) to consolidate its operations and diversify its income.

MDF (medium density fiberboards), are compacted wood products that have many advantages against natural wood panels and other particle boards.

This product has recently increased its market share worldwide, and its demand in Mexico continues rising, while over 90% of total national consumption is imported from countries such as Chile, the United States and Brazil.

Proteak expects the production facility located in Huimanguillo, Tabasco, to begin operations during the third quarter of 2015.

Results and Key Indicators

SUMMARY OF RESULTS

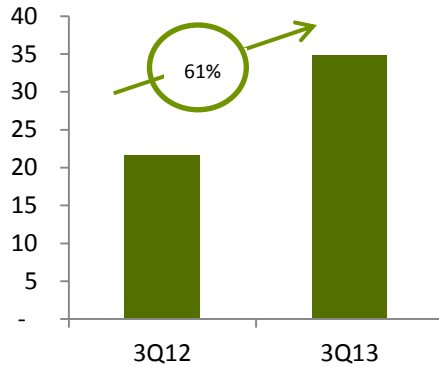
Figures in MXP '000	3Q13	2Q13	Y vs Y	YTD 2013	YTD 2012	YoY
Sales	34,827	38,923	62%	107,206	45,508	136%
Income from Revaluations	44,982	51,842	455%	96,519	13,178	632%
Cost of Sales	53,345	36,801	324%	121,867	39,985	205%
Gross Margin	26,464	53,964	56%	81,858	18,701	338%
Operating Income	4,160	41,146	(17%)	35,102	(21,414)	(264%)
Net Income	1,590	39,265	2238%	26,422	(28,633)	(192%)
Net Debt	214,400	217,025	58%	214,400	135,920	58%
Total Liabilities / Total Assets	0.15	0.20	(4%)	0.15	0.16	(4%)
Net Debt / Capital	0.11	0.18	(8%)	0.11	0.12	(8%)
Net Debt / Total Assets	0.09	0.15	(7%)	0.09	0.10	(7%)
Net Debt / Current Assets	0.26	0.37	(15%)	0.26	0.31	(15%)

I. Income Statement Analysis

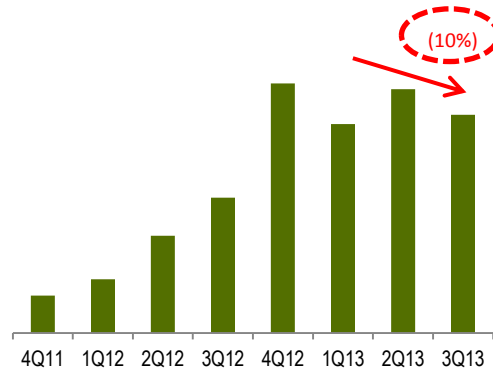
Proteak has focused its commercial strategy in seeking new export markets and strengthening the existing ones. The ban in Asia for selling wood from natural forests (especially from Myanmar) has increased sales opportunities for Proteak's certified wood.

Quarterly teak sales increased 61% compared to the same quarter of 2012. Compared to this year's second quarter, teak roundlog sales decreased as a result of the devaluation of the rupee and the economic slowdown in India, which is currently the world's largest market for teak. This decrease, however, amounted only to 10% thanks to the market diversification efforts of Proteak's sales team, who achieved greater presence in China, Vietnam and local markets.

3rd Quarter Sales, 2013 vs. 2012

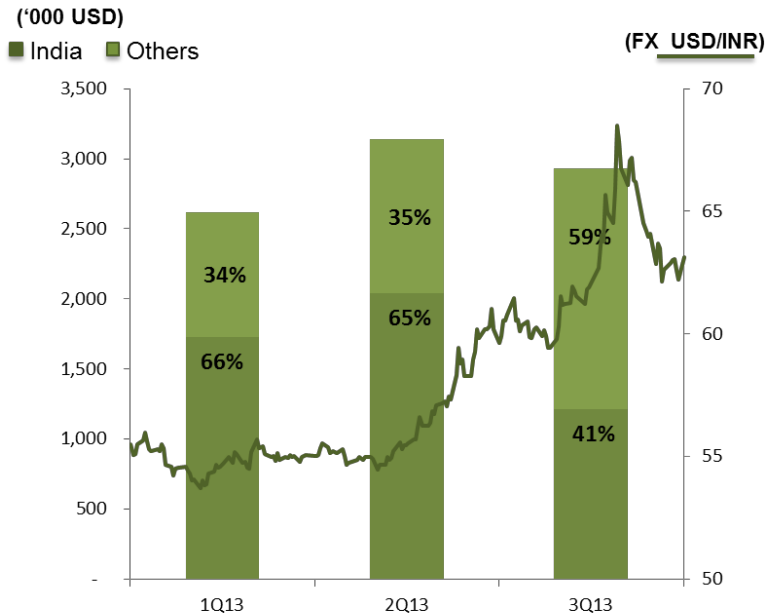


Quarterly sales

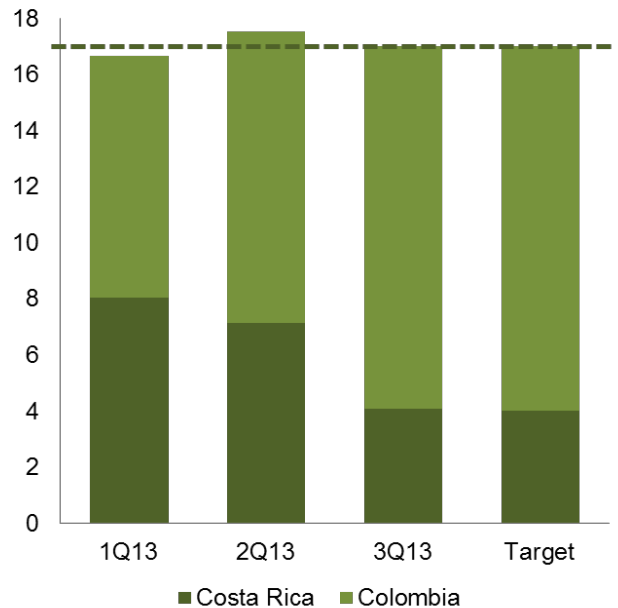


During this quarter, the Company’s main objective was to maintain sales prices even in the midst of difficult market conditions; this resulted in a reduction in total exports to Asia, due to lower sales in India. In the last quarter of the year, Proteak will focus its commercial strategy in strengthening their presence in the new markets mentioned above in order to meet this year’s sales target.

Sales by destiny vs. rupee



Containers sent by quarter (Weekly Average)



Quarterly administrative expenses reflect the acquisition of FOMEX and the company’s internal restructuring, in line with its new business strategy.

II. Balance Sheet Analysis

Compared to 2012 year-end figures, Proteak's balance sheet has grown by 70%, mainly due to the capital increase carried out last September and the subsequent acquisition of FOMEX. Both movements are reflected, first of all, in the final cash position of the company, considering Cash and Short-term Instruments.

Accounts Receivable show an increase due to the devaluation of the Indian rupee, which caused customers in India to delay the commercialization of their products.

Biological Assets show the incorporation of approximately 8,000 hectares of eucalyptus, which are reflected as follows: 12% as Current Biological Assets, in order to meet existing FOMEX sales contracts (ending in 2014); 88% as Non-Current Biological Assets, since their objective is to supply the MDF facility once it starts operations.

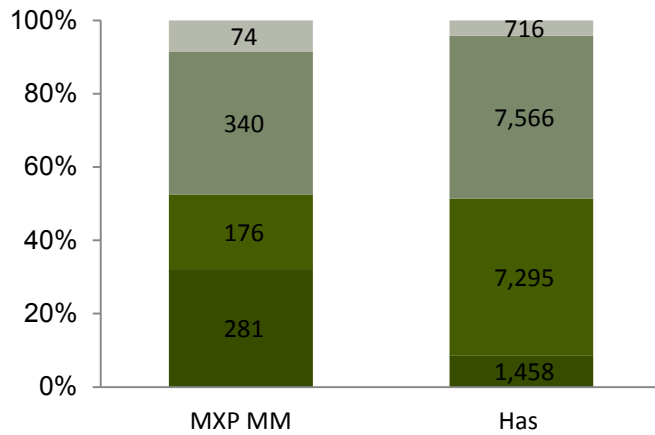
Continuing with the policy of provisioning the Biological Assets' growth according to the curves observed in Proteak's plantations, this quarter reflects their net revaluation; this amount will be adjusted once the annual forestry inventory is conducted during the coming fourth quarter. Total provisioned revaluations for this year amount to MXP 96MM, distributed as follows: Mexico MXP 83MM, Colombia MXP 3MM and Costa Rica MXP 10MM.

The value of Proteak's plantations is affected by four main factors: *(i)* forestry costs, *(ii)* exchange rates, *(iii)* revaluations that represent the Biological Assets' growth, and *(iv)*, wood costs. During this year, plantation value has been modified based on the following: *(i)* MXP 52MM in forestry costs, aimed at improving the plantations' expected return by maintaining growth rates that exceed original plans, *(ii)* MXP 7MM due to the US dollar appreciation, *(iii)* MXP 96MM of revaluations explained above, and, *(iv)* MXP 61MM that represent wood costs. 159 hectares were harvested during the third quarter (both from thinnings and final harvests), totaling 653 harvested hectares for the year.

Long-term assets held for sale is mainly non-strategic land that will be sold in the medium term. These assets are located in Costa Rica and their total value is MXP 103MM. As reported last quarter, during the third quarter the sale of 10 properties for a total amount of MXP 27MM was completed, and, to the day this report was issued, Proteak has collected MXP 13.8MM of the total transaction amount.

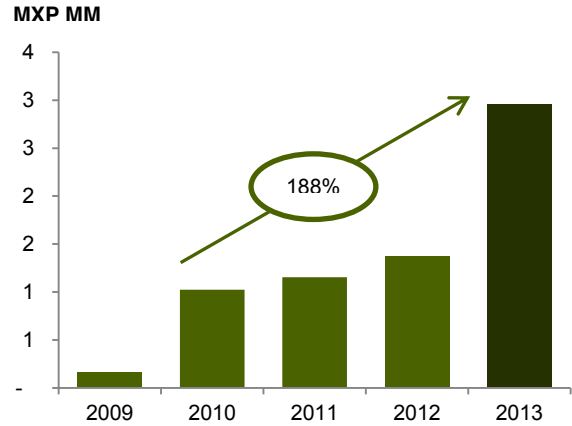
Fixed Assets reflect the inclusion of a total of 4,803 hectares (equivalent to 3,777 hectares fit for planting), a nursery garden with high-value genetic material, offices and other forestry assets, in addition to 4,832 hectares on lease.

Biological Assets' Value vs. Hectares Comparison



■ Non-current/Young (Eucalyptus) ■ Non-current/Young (Teak)
 ■ Current/Mature (Eucalyptus) ■ Current/Mature (Teak)

Total Assets' Evolution



Long-term Liabilities include the following loans: Financiera Rural for MXP 154MM (including interest) and IFC for MXP 66MM.

As for the equity structure, the Company's position remains extremely strong, with a Liabilities/Equity ratio of nearly 1 to 6x.

III. Cash Flow Analysis

During the third quarter, Proteak's cash position increased in MXP 362MM due to the capital raised, which contributed with MXP 798MM (MXP 172.8MM pending to be received as of the end of the quarter), and the acquisition of FOMEX for MXP 406MM. It is noteworthy to recall that the sale of non-strategic assets in Costa Rica provided MXP 14MM.

The company's cash position closed at MXP 410MM considering the following highlights: collections improved significantly during this quarter, even in the midst of India's complicated market situation. On the other hand, investments in working capital during this period were only MXP 2MM, which led to an operating breakeven, while quarterly investments in land amounted to MXP 9.4MM for a total of MXP 27MM during the year.

Proteak Reports

- **Proteak's Administrative Restructuring**

Proteak informs changes in its management team to align the operations of its business units, effective immediately.

Omar Nacif joined the team as Deputy General Manager, in charge of Boards. Mr. Nacif will be responsible for the manufacturing and marketing of the MDF division. Mr. Nacif has a long history in entrepreneurial, rapid growth companies, notably his role as SportsWorld CEO (BMV: SPORT).

Ingrid Cerwinka joined Proteak as Executive Director of Planning and Institutional Relations. Ingrid has extensive experience in the banking sector, both public and private, where she has held several management positions. Recently, Miss Cerwinka served as Deputy General Director in charge of all credit operations of Financiera Rural and as such, actively participated in the Board of various Financial Institutions.

Enrique Espinosa, who currently holds the position of Operations Director, will also take on the role of Deputy General Manager in charge of Teak Operations. Thus, Mr. Espinosa will be responsible for logistics, distribution, and marketing of Teak, which is sold and exported to over 15 countries in 3 different continents.

- **FSC Certification**

Proteak reports that it has completed the process and all post-audit requirements to renew the FSC (Forestry Stewardship Council) Forest Management Certification for its teak plantations in Mexico; thus, the certificate is expected to be renewed before year-end. This certificate reached its natural expiration date, but it is important to emphasize that Proteak has not failed to comply with any FSC standard during the certificate renewal process. On the other hand, it is important to note that the newly acquired eucalyptus plantations and teak plantations in Colombia are currently certified.

- **Independent Analyst**

Proteak announces that, as part of the Mexican Stock Exchange Independent Analyst Program, the company's stock performance is followed by:

Ernesto Gustavo O´Farrill Santoscoy

eofarrills@bursametrica.com

Ph: (55) 5531 0042

Bahía de todos los santos #26

Col. Verónica Anzures

Delegación Miguel Hidalgo

C.P. 11590, México, D.F.

Financial Statements

The following table contains a summary Income Statement (figures in MXP '000), illustrating the net sales margin represented by each concept, as well as the cumulative percentage change up to September 30th, 2013 compared the same period of last year.

Income Statement					
	Sep'13	%	Sep'12	%	Δ 3Q13 Vs 3Q12
Net Sales	107,206	53%	45,508	78%	136%
Income from Revaluations	96,519	47%	13,178	22%	632%
Subsidies	-	0%	-		
Cost of Sales	121,867	60%	39,985	68%	205%
GROSS PROFIT (LOSS)	81,858	40%	18,701	32%	338%
General Expenses	52,116	26%	41,920	71%	24%
Other Income/Expenses	5,360	3%	1,805	3%	197%
OPERATING PROFIT (LOSS)	35,102	17%	(21,414)	(36%)	264%
Financing Results	(289)	(0%)	(6,368)	(11%)	95%
YEARLY RESULTS	34,813	17%	(27,782)	(47%)	225%
Income Taxes	8,390	0%	-	0%	N/A
Discontinued Operations		0%	(852)	(1%)	N/A
YEARLY RESULTS	26,422	13%	(28,633)	(49%)	192%

The following table contains the company's consolidated 3Q13 Balance Sheet, compared to the same quarter of last year (in MXP '000).

Balance Sheet	3Q13	2012	Δ 1Q13 Vs 2012	%
Cash & equivalents	410,398	48,716	361,682	742%
Accounts receivable	63,887	41,852	22,035	53%
Other Accounts receivable	40,755	50,484	(9,729)	(19%)
Inventory	15,438	18,998	(3,560)	(19%)
Current Biological Assets (Mature)	166,827	141,550	25,277	18%
Financial Assets available for Sale	-	-	-	N/A
Assets available for Sale	102,754	124,092	(21,338)	(17%)
Other Assets	15,721	16,426	(705)	(4%)
TOTAL CURRENT ASSETS	815,780	442,118	373,662	85%
Property, Plant and Equipment	628,468	485,324	143,144	29%
Others	74,823	32,325	42,498	131%
TOTAL FIXED ASSETS	703,291	517,649	185,642	36%
Non-Current Biological Assets	741,697	414,148	327,549	79%
Goodwill	77,342	-	77,342	N/A
TOTAL ASSETS	2,338,110	1,373,915	964,195	70%
Accounts Payable	13,846	10,563	3,283	31%
Payable Taxes	644	1,868	(1,224)	(66%)
Other current Liabilities	25,511	33,249	(7,738)	(23%)
TOTAL CURRENT LIABILITIES	40,001	45,680	(5,679)	(12%)
Long term debt	214,400	135,920	78,480	58%
Deferred taxes	95,715	33,231	62,484	188%
TOTAL LONG-TERM LIABILITIES	310,115	169,151	140,964	83%
TOTAL LIABILITIES	350,116	214,831	135,285	63%
Capital stock	655,682	463,950	191,732	41%
Share Premium	1,186,680	579,892	606,788	105%
Accumulated Earnings	(43,284)	(81,525)	38,241	(47%)
Net Earnings	26,422	38,241	(11,819)	(31%)
Conversion effect	67,493	63,525	3,968	6%
Revaluation surplus	94,955	94,955	-	0%
Other integral results	46	46	-	0%
TOTAL EQUITY	1,987,993	1,159,084	828,909	72%
TOTAL LIABILITIES + EQUITY	2,338,109	1,373,915	964,194	70%

Mexico D.F., October 28th, 2013. Today, Proteak Uno, S.A.B. de C.V. (BMV: TEAK CPO) published its 3Q13 results. Such information is presented according to Mexican Financial Reporting Standards (Normas de Información Financiera, "NIF"), in nominal terms.