Eternit

Conference Call
4Q16 Earning Results – 03/20/2017

Disclaimer

“Forward looking statements included in this presentation regarding the Company’s business, operating and financial results and Company’s growth are only predictions and were based on management's expectations regarding future performance. These expectations are highly dependent on market conditions, Brazilian economic scenario, industry performance and international markets, and are therefore subject to change.”

Highlights of 4Q16 (when compared to 4Q15)

- The sector of construction materials and the Company registered retraction of:
  - ✓ ABRAMAT[1]: 11.5%
  - ✓ Eternit[2]: 10.9%
- Reduction on sales volume in the segments below:
  - ✓ Chrysotile mineral: 25.4%
  - ✓ Fiber-cement: 5.2%
  - ✓ Concrete tiles: 33.6%
- Consolidated Net Revenue reached R$190.4 million, decline of 20.9%
- Adjusted EBTIDA decreased 14.0%, reaching R$13.7 million
- Estimated loss due to impairment of assets and restructuring of subsidiary Tégula amounting to R$ 18.1 million. Net loss totaled R$29.6 million
- Reduction of 25% of gross debt, reaching R$125.1 million

[1] Brazilian Construction Materials Industry Association
[2]Growth in Eternit's consolidated gross revenue compares fiscal year 2016 with fiscal year 2015, deflated by the IGP-M index.

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Operational Performance

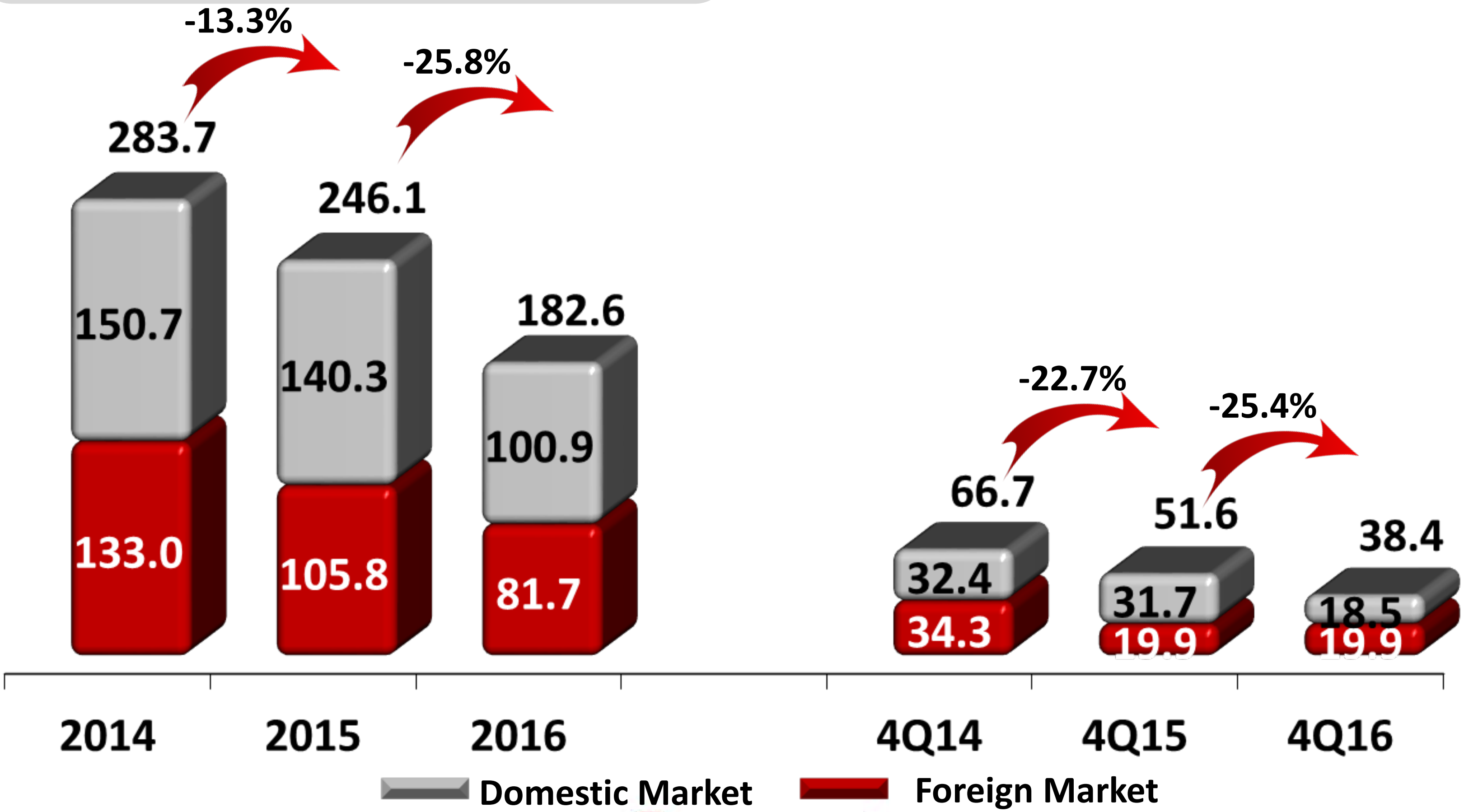
Sales of Chrysotile Mineral (thousand tons)

2016 x 2015

- **Domestic Market** – reduction of 28.0%
- **Foreign Market** – retraction of 22.8%

4Q16 x 4Q15

- **Domestic Market** – reduction of 41.5%
- **Foreign Market** – practically stable



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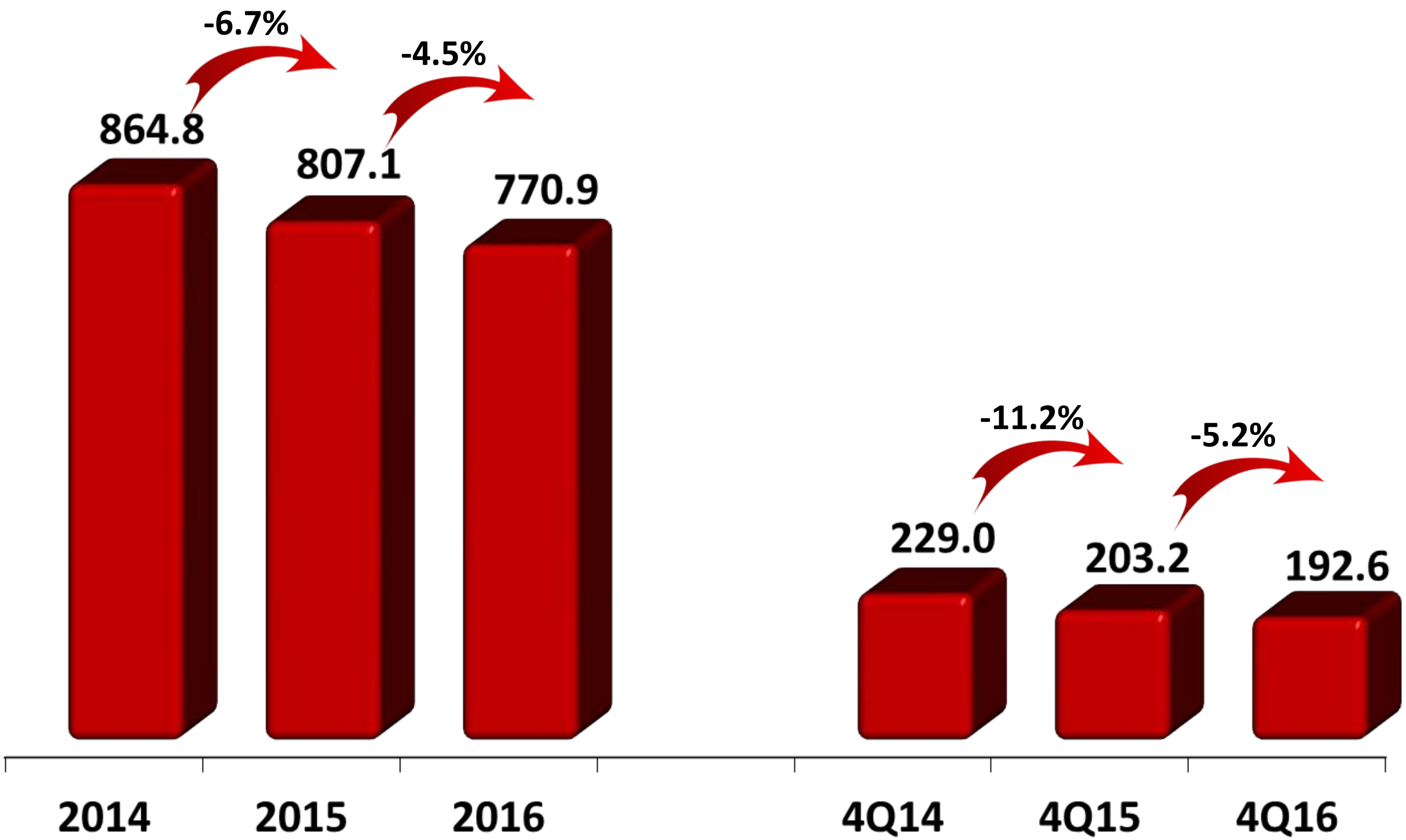
Sales of Fiber-Cement (thousand tons)



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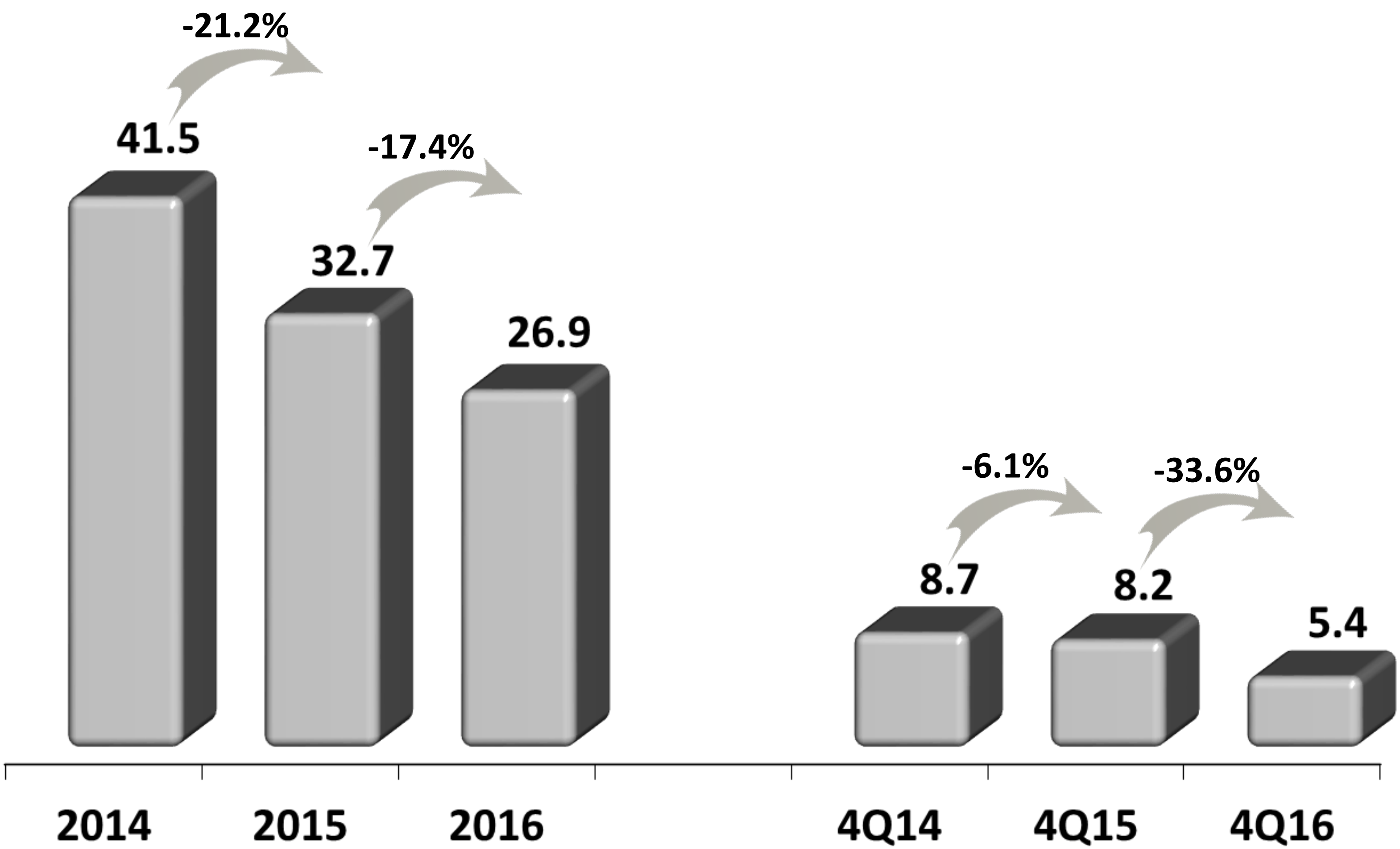
Sales of Concrete Tiles (million pieces)



Restructuring of Tégula Soluções para Telhados Ltda.

The Board of Directors Meeting held on February 15, 2017, approved the restructuring of the production units of Tégula:

- The restructuring is aimed at preparing Tégula to operate in markets with higher operating profitability.

- Production of concrete roofing tiles at the Frederico Westphalen (Rio Grande do Sul), Içara (Santa Catarina), Anápolis (Goiás), São José do Rio Preto (São Paulo) and Camaçari (Bahia) units were shut down.

- Estimated loss due to impairment of assets and provision for restructuring amounting to R$18.1 million were recognized in 2016.

- The properties at these units will be made available for sale.

- Production of concrete roofing tiles will now be concentrated at the unit in Atibaia, whose production capacity can meet the demand from the regions served by the units being closed.

Economic and Financial Information

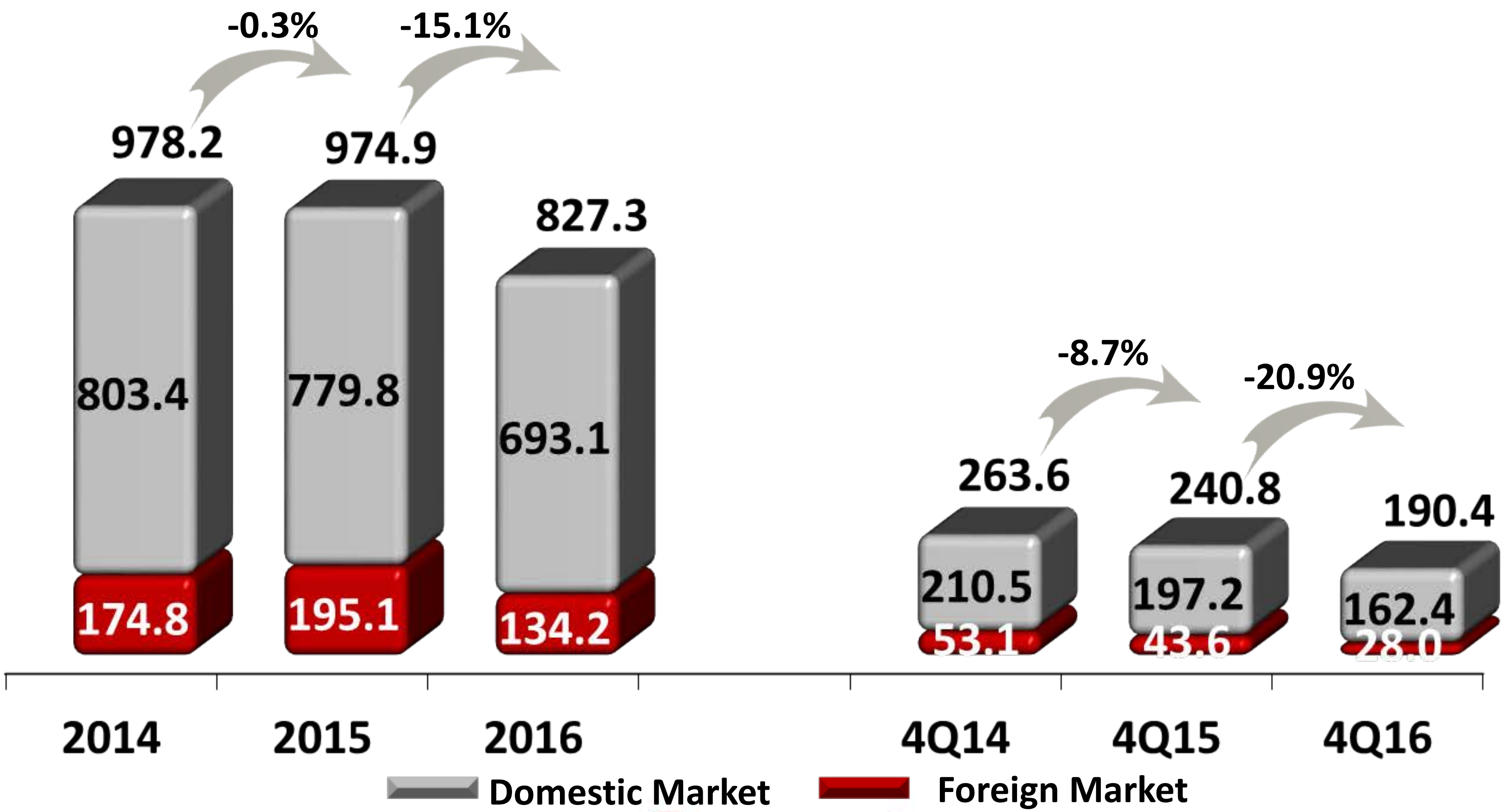
Consolidated Net Revenue (R$ million)

2016 x 2015

- **Domestic Market** – reduction of 11.1%
- **Foreign Market** – down by 31.2%

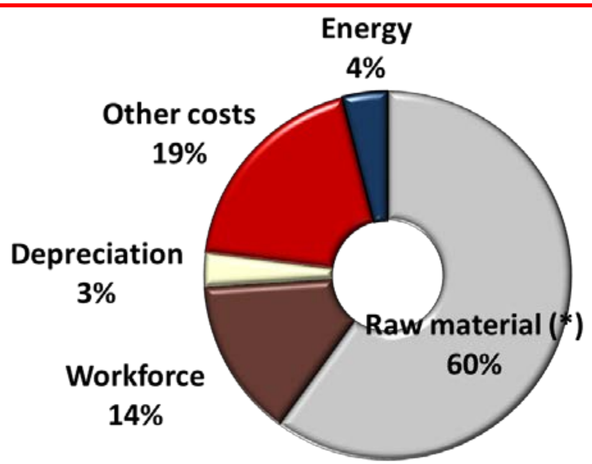
4Q16 x 4Q15

- **Domestic Market** – reduction of 17.7%
- **Foreign Market** – down by 35.8%



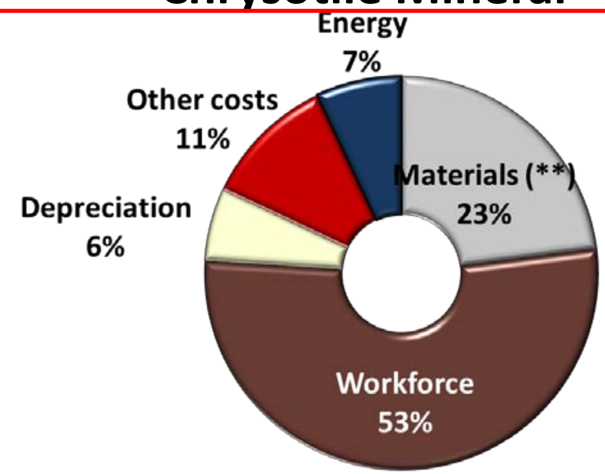
COGS Breakdown – 4Q16

Fiber-cement



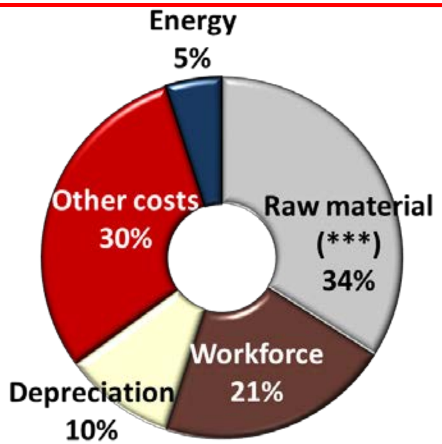
(*) Cement (36%), Chrysotile Mineral (39%) and the others (25%)

Chrysotile Mineral



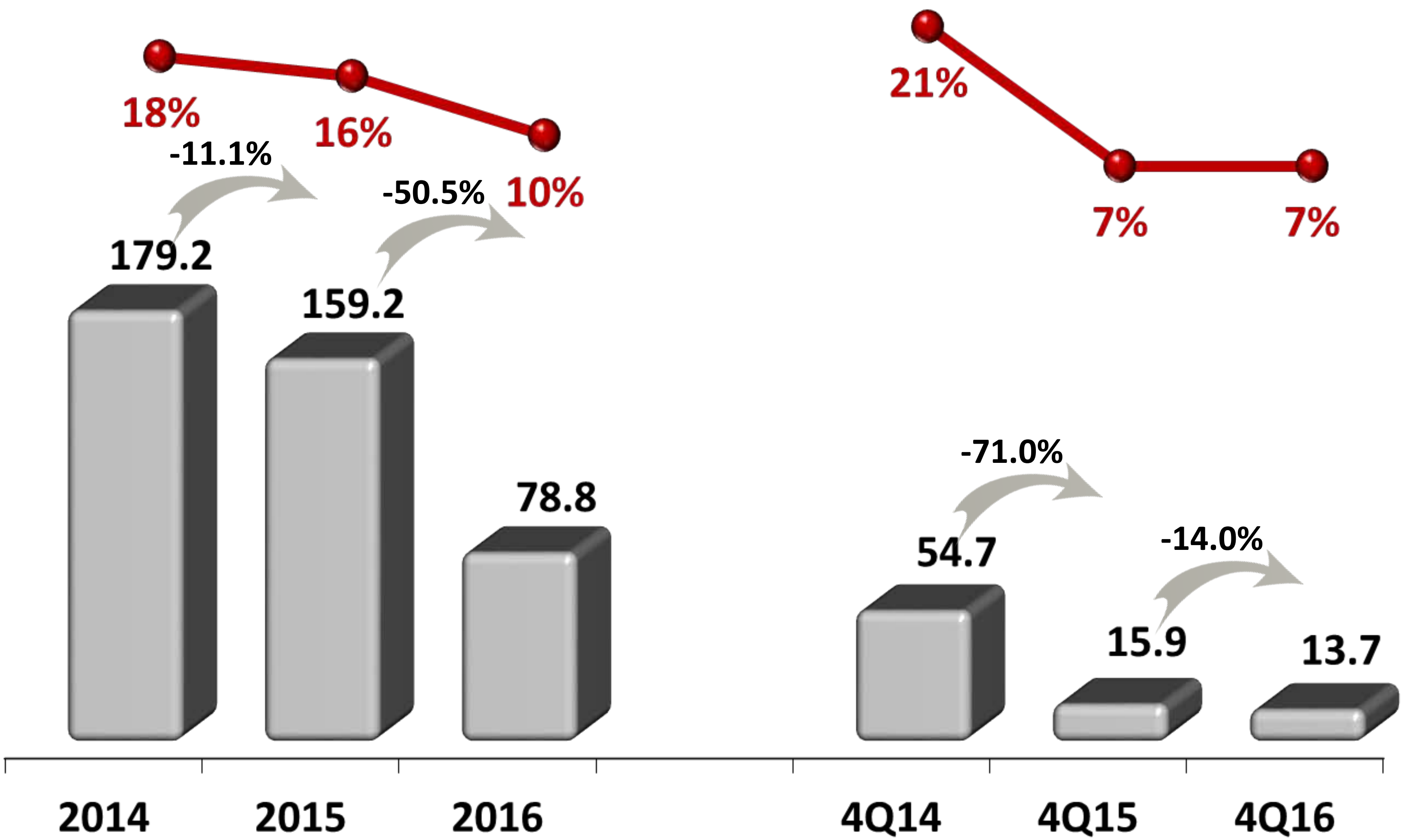
(**) Fuel, explosives, packaging, among the others

Concrete Tiles



(***) Cement (51%), sand (31%) and the others (18%)

Adjusted EBITDA* (R$ million) and Adjusted EBITDA Margin (%)



*Adjusted EBITDA is an indicator used by the Company's Management to analyze the operational and financial performance of its wholly-owned businesses, excluding equity pickup, due to the fact that CSC is a joint venture and its information is not consolidated, in addition to non-recurring, non-cash events.

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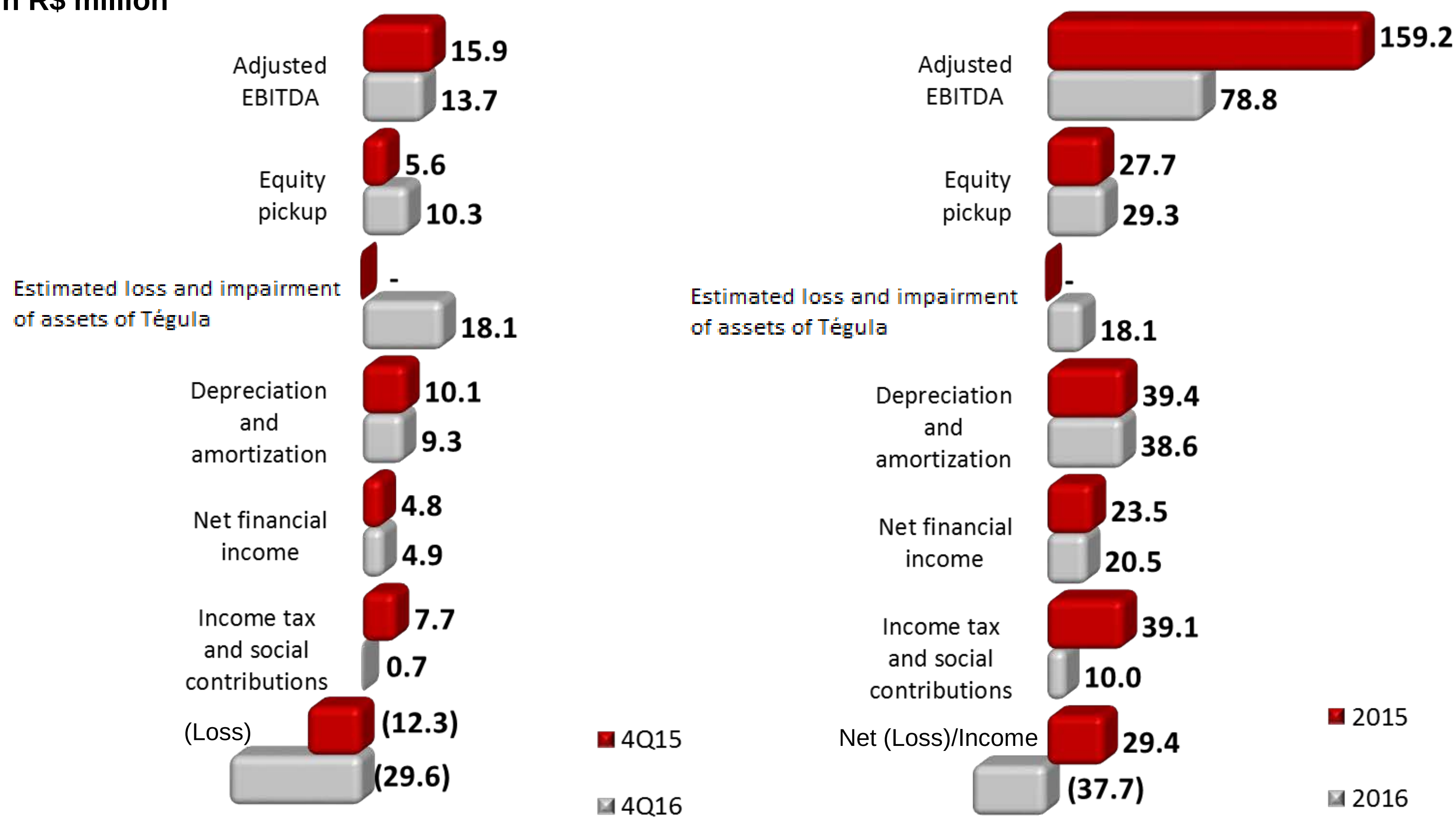
Reconciliation of Adjusted EBITDA* X Net (Loss)/Income
(R$ million)

In R$ million



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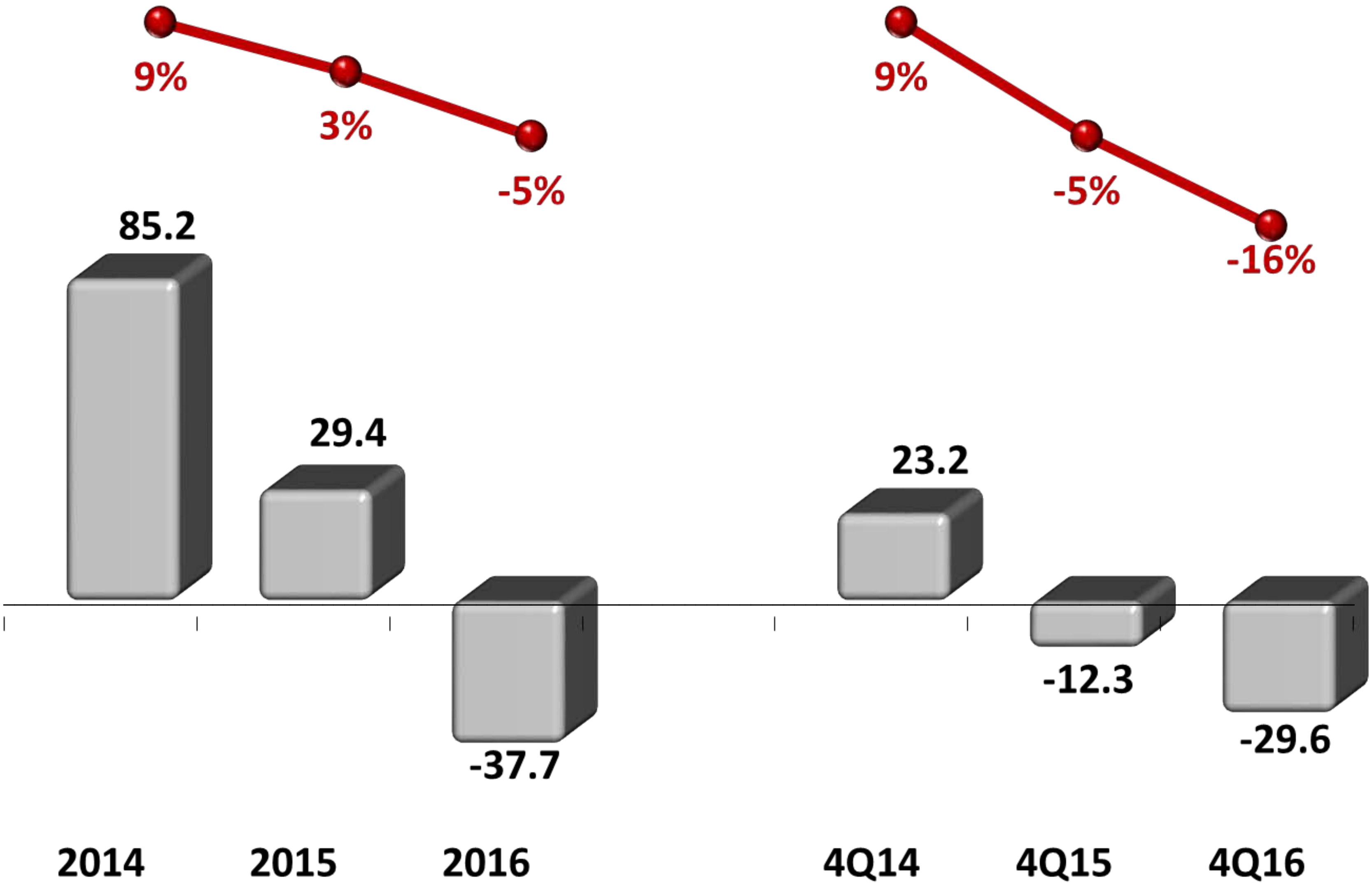
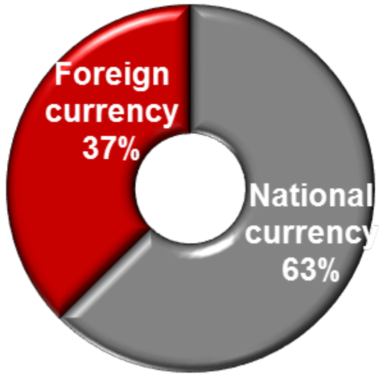
Net (Loss)/Income (R$ million) and Net Margin (%)



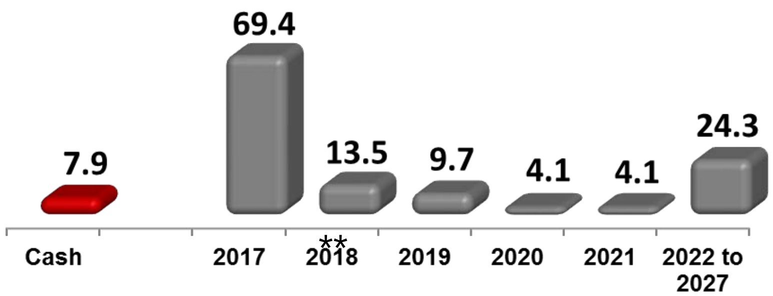
Debt (R$ million)

Debt	12/31/14	12/31/15	12/31/16
Short-term gross debt	88.9	90.3	69.4
Long-term gross debt	39.0	76.9	55.7
Total gross debt	**127.9**	**167.2**	**125.1**
Availabilities *	(49.0)	(22.3)	(7.9)
Net debt	**79.5**	**144.9**	**117.2**
Adjusted EBITDA	179.2	159.2	78.8
Net debt / Adjusted EBITDA x	**0.44**	**0.91**	**1.49**
Net debt / Equity	**15.4%**	**29.0%**	**25.5%**

Origin of debt



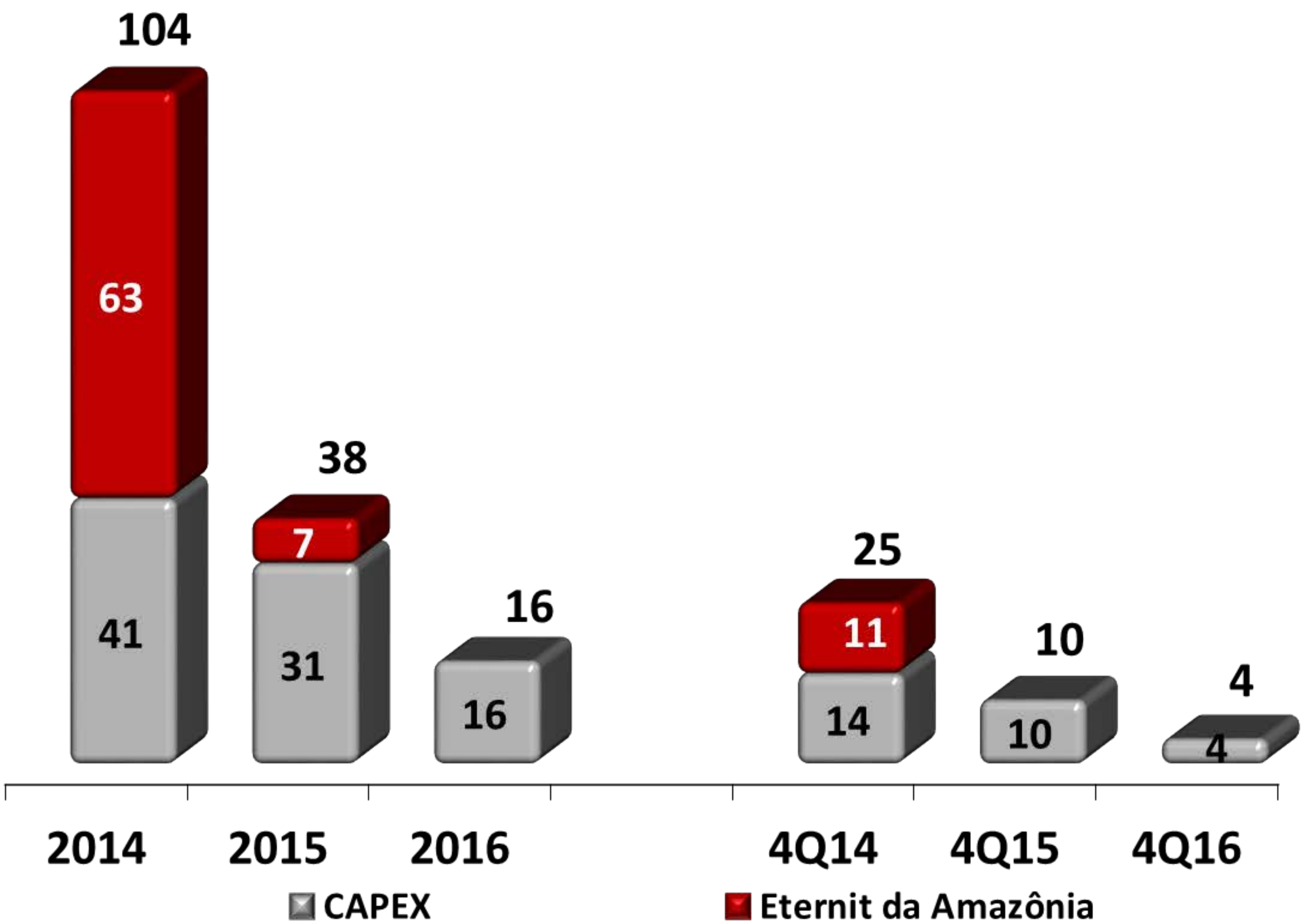
Repayment Schedule



* Availabilities = Cash and cash equivalents + short-term investments

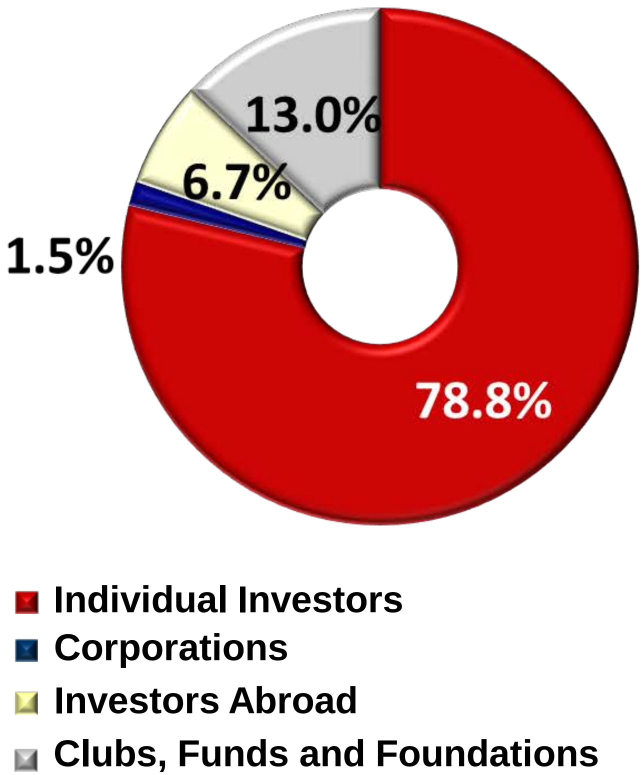
** 66.4% of the amortization schedule set for the year 2017 are linked to accounts receivable from export.

Capital Expenditures (R$ million)



Capital Markets

Shareholding Structure – Feb/17



FREE-FLOAT	85.3%

* Shareholders with a stake higher than 5%

** 100% of the Board of Director are considered independent in accordance with BM&FBOVESPA Novo Mercado Regulations

Main shareholders *	Share
Luiz Barsi Filho	13.63%
Victor Adler and controlled companies	11.04%
Geração L. Par. F. I. A.	8,24%
Executive Board	0.62%
Stock in treasury	0.03%

Board of Directors **	Member since
Luiz Barsi Filho - President	2015
Marcelo Munhoz Auricchio	2011
Marcelo Gasparino da Silva	2014
Raphael Manhães Martins	2015
Manoel Arlindo Zaroni Torres	2016
Marcelo Amaral Moraes	2016

Board of Auditors	Member since
André Eduardo Dantas - Coordinator	2013
Pedro Paulo de Souza	2015
Daniel Vinícius Alberini Schrickte	2016

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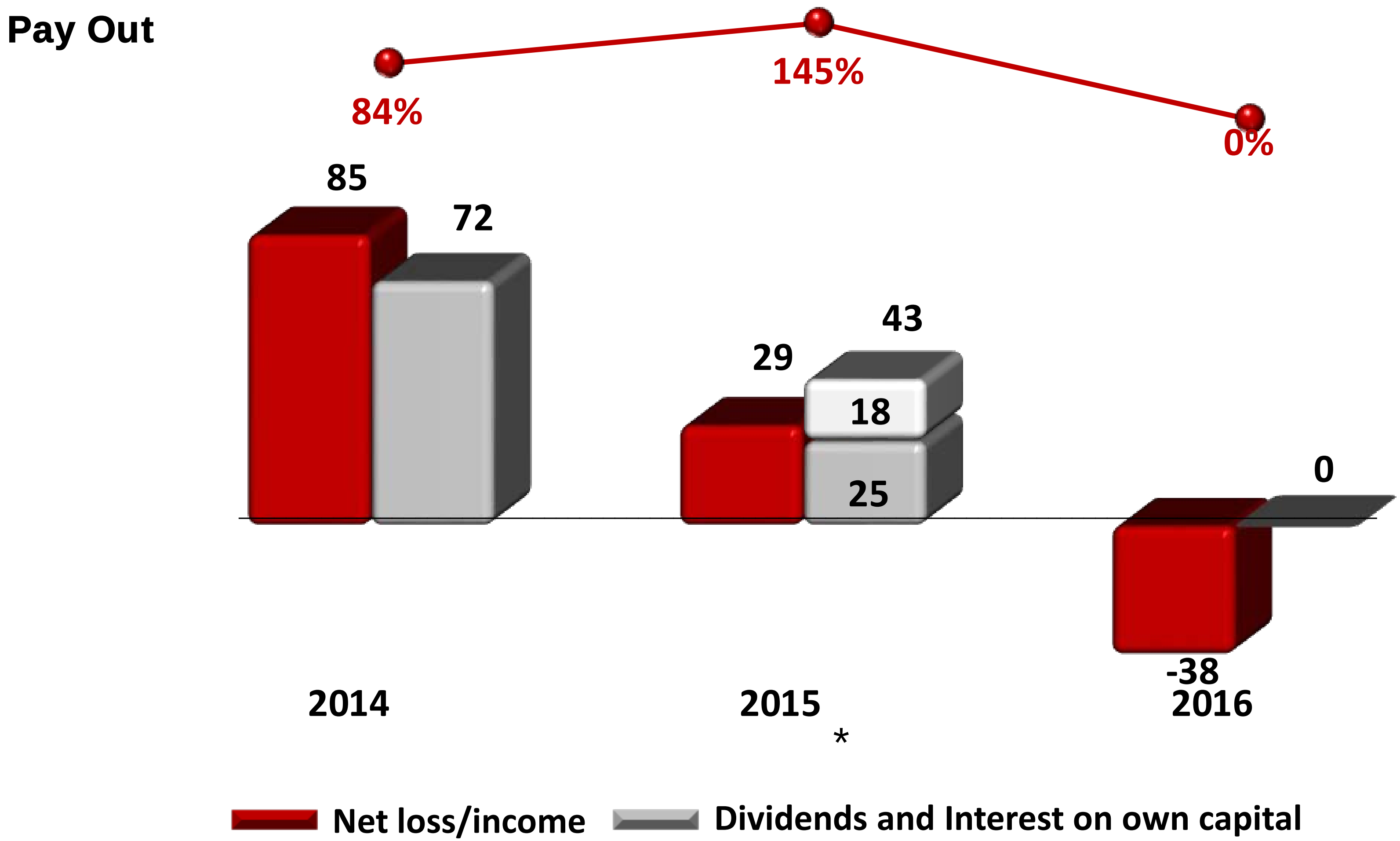
Policy of Remuneration (R$ million)



*The amount of distributed earnings includes distribution based on retained earnings from previous years

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Recent events

Public-interest Civil Action filled in São Paulo (São Paulo)

The trial court judgment was amended by the full contents of the appellate decision of the Regional Labor Court of the 2nd Region that had ruled partially for plaintiff in the public-interest civil actions. The Company was officially notified, on February 10, 2017, and the most significant terms were:

- The following convictions were excluded:
  - (i) indemnity for collective pain and suffering in the amount of R$100 million;
  - (ii) indemnity for pain and suffering in the amount of R$50,000 to each former employee not diagnosed with asbestos-related diseases; and
  - (iii)all and any claims made by the family members of former employees.
- The following convictions were reduced:
  - (i) pain and suffering and existential damages for each former employee already diagnosed with asbestos-related diseases fixed at R$100,000 and to R$50,000, respectively; and
  - (ii) pain and suffering for the estate of each former employee deceased after the filing of the claims for R$100,000.
- The following conviction was maintained:
  - (i) full medical assistance for former employees diagnosed with asbestos-related diseases.

Public-Interest Civil Action filed in Colombo (Paraná)

Eternit was notified on March 10, 2017 of a Public-Interest Civil Action filed by the Labor Prosecution Office against the Company, which is currently in progress at the 1st Labor Court of Colombo in the state of Paraná.

The claim demands:

- indemnity for occupational exposure to asbestos; and
- a plea for the company to be condemned to pay R$85 million as collective damage.

Some requests for an injunction were denied by the Court of Colombo, such as replacement of asbestos within 90 days.

The company will submit its defense at an opportune moment and expects the technical and scientific evidence to be considered while judging this action.

Further Information

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