Eternit continues restructuring process to recover business profitability

São Paulo, May 25, 2018 –Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3) announces today the results for the first quarter of 2018 (1Q18). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with the Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons in this press release are with the first quarter of 2017 (1Q17), except where stated otherwise.

1Q18

Listing Segment

Novo Mercado of B3

Share Price (Apr. 30, 2018) ETER3

R$/share	0.71
US$/share	0.20

Shareholder Base (Apr. 30, 2018)

Shares Issued	179,000,000
Free Float	99.56%

Market Cap - (Apr. 30, 2018)

R$ 127.1 million
US$ 36.5 million

Dividends to Shareholders (2017)

No dividends were distributed in the period.

Indicators - (Mar/18)

EPS (R$/share)	0.87
Price/EPS	0.98

Conference Call/Webcast

May 29, 2018

Time: 10:00 a.m. (Brasília) – 09:00 a.m. (New York) and 2:00 p.m. (London)

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Password: **Eternit**

Webcast:
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Talk to IR

Contact the IR team:
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www.eternit.com.br/ri

Both the economic scenario and the construction material sector reported slight improvements in the first quarter of 2018, which translated into a gradual reduction in the idleness of production factors and in unemployment. In this period, the Company operated rate in line with market demand, at both its chrysotile mining operation and its finished product line.

Chrysotile sales in 1Q18 totaled 32,200 tons, down 16.3% from 1Q17, reflecting the lower utilization of chrysotile fiber in the production of roofing panels in the domestic market, while exports grew 35.9% as a result of the Company's strategy to direct its production abroad and the commercial initiatives implemented, especially in Asian markets.

In the same period, sales of fiber-cement tiles totaled 106,800 tons, down 36.0% year on year, due to lower availability of products arising from the transition of production based on asbestos to synthetic fiber, as well as economic factors that still directly affect this segment; while sales of concrete roofing tiles produced at the Atibaia unit remained practically stable.

Net operating revenue in 1Q18 amounted to R$129.2 million, down 22.9% from 1Q17, due to lower sales volumes in its operating segments, completely neutralizing the price repositioning initiatives for fiber-cement roofing panels in the domestic market. Chrysotile export revenues rose 31.2%, reflecting the initiatives to direct production abroad and the 3.1% appreciation of the US dollar against the Brazilian real (comparison of the average PTAX in 1Q18 vs. 1Q17), despite the price decrease in US dollar terms.

Adjusted and recurring EBITDA stood at R$4.4 million in 1Q18 as a result of low industrial capacity utilization and a drop in sales, especially chrysotile, in the domestic market. To mitigate the negative impacts on EBITDA, the Company reduced its recurring operating expenses by 15.6%, in line with the structured SG&A reduction program. In the same period, Eternit posted net recurring loss of R$10.0 million, due to the factors commented in the EBITDA section, despite the improvement in equity pickup.

As an event subsequent to the reporting period, on April 27, 2018, Eternit Group acquired the entire interest held by Compañia Colombiana de Cerámica S.A.S ("Colcerámica") in Companhia Sulamericana de Cerâmica (CSC).

Main Indicators

Consolidated - R$ `000	1Q18	1Q17	% Chg.	4Q17	% Chg.
Net revenues	**129,227**	**167,714**	**(22.9)**	**164,763**	**(21.6)**
Gross margin	*29%*	*33%*	*- 4 p.p.*	*22%*	*7 p.p.*
Operating loss/income (EBIT) [1]	(4,834)	4,444	-	(192,937)	(97.5)
Net loss for the year	**(11,138)**	**(2,955)**	**276.9**	**(229,744)**	**(95.2)**
Recurring Net loss for the year	**(9,957)**	**(1,852)**	**437.6**	**(65,966)**	**(84.9)**
Recurring Net margin	*-8%*	*-1%*	*- 7 p.p.*	*-40%*	*32 p.p.*
Earnings (loss) per share - R$	(0.0622)	(0.0165)		(1.2839)	
CAPEX	1,737	1,120	55.1	6,762	(74.3)
EBITDA [2]	**(1,667)**	**13,635**	**-**	**(184,491)**	**(99.1)**
Recurring and Adjusted EBITDA	**4,393**	**20,921**	**(79.0)**	**(2,992)**	**-**
Recurring and Adjusted EBITDA Margin	*3%*	*12%*	*- 9 p.p.*	*-2%*	*5 p.p.*

[1] *Before financial results.*

[2] *Operating income before interests, taxes, depreciation and amortization*

Economy and Market

According to Copom[1], the economy is still marked by a high level of idleness of the factors of production, which is evident from low capacity utilization in the industry and, especially, the level of unemployment. However, it should be noted that the recovery of the economy has translated into a gradual reduction in this idleness and, particularly in the labor market, the unemployment rate has been declining.

According to this scenario, GDP in 2018 is projected at 2.5%[2], while construction GDP is forecast at 1.5%[3] compared to 2017.

ABRAMAT[4] reported 2.1% growth in sales of construction materials in the first quarter of 2018 and notes that the market is still going through a transition phase, with some instability at the start of the growth cycle that is not yet being reflected in all segments of the construction materials sector. For 2018, ABRAMAT believes the sector will grow once again and forecasts growth of around 1.5%, also noting in its study that projected growth should not result from continuous average growth, but will alternate between positive and negative results throughout the year.

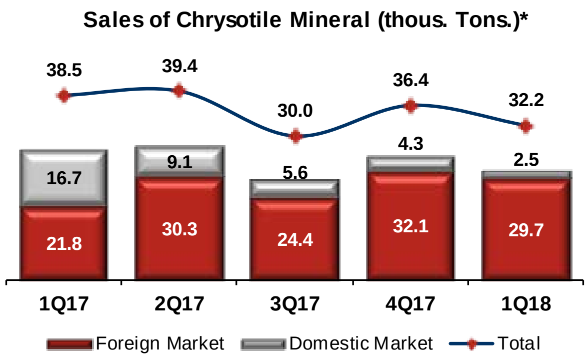
The Company continues to operate in line with market demand, both in chrysotile mining and in finished products, which include the production of fiber-cement and concrete roofing tiles.

Operational and Financial Aspects

Sales

Chrysotile

Chrysotile sales in 1Q18 totaled 32,200 tons, down 16.3% from 1Q17, reflecting the lower utilization of chrysotile fiber in the production of roofing panels in the domestic market, while exports grew 35.9% as a result of the Company's strategy to direct its production abroad and the commercial initiatives implemented, especially in Asian markets.



(*) Includes intercompany sales, which accounted for 43.7% of domestic sales volume in 1Q18.

Fiber-cement roofing panels

In 1Q18, sales of fiber-cement tiles totaled 106,800 tons, down 36.0% from 1Q17, due to lower availability of products arising from the transition of production from asbestos to synthetic fiber, as well as economic factors that still affect this segment directly.

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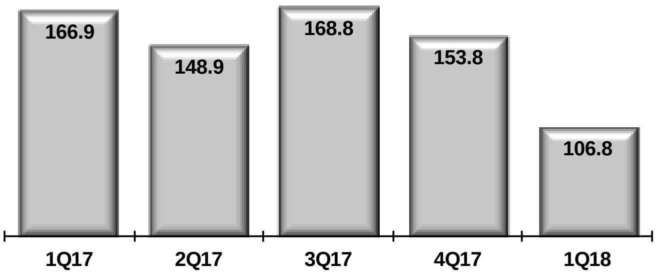
[1] Copom: Monetary Policy Committee of the Central Bank of Brazil
[2] BACEN: FOCUS market readout issued by the Central Bank of Brazil
[3] BACEN: Inflation Report
[4] ABRAMAT: Brazilian Construction Materials Industry Association.

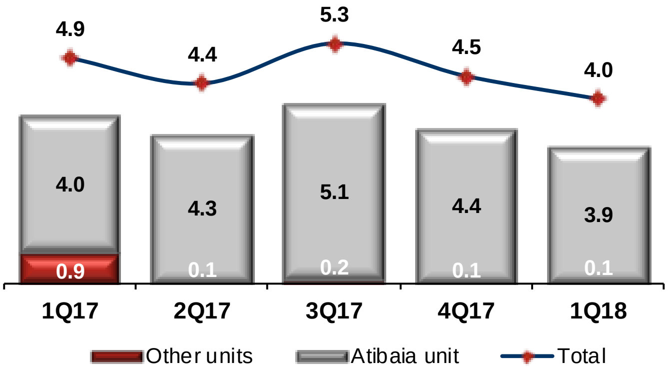
Sales of Fiber-cement (thous. Tons.)



Concrete Roofing Tiles

To serve markets with better operational profitability, the Company restructured the subsidiary Tégula in February 2017 and now operates only the Atibaia (SP) unit. Thus, in 1Q18, sales from the Atibaia unit remained practically stable compared to 1Q17.

Sales of Concrete RoofingTiles (million pieces)

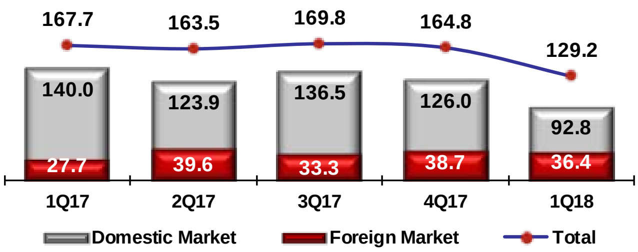


Net Operating Revenue

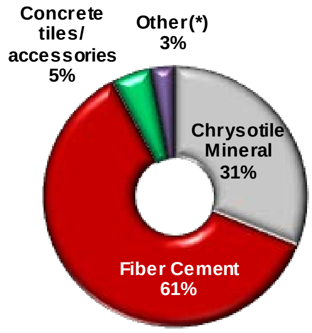
Net revenue amounted to R$129.2 million in the quarter, down 22.9% from 1Q17. Domestic market revenue fell 32.8%, affected by lower sales volumes in the operating segments (as explained above), fully neutralizing the price repositioning initiatives in the domestic market for fiber-cement tiles. Export revenues rose 31.2% from 1Q17, reflecting the initiatives to direct production abroad and the 3.1% appreciation of the US dollar against the Brazilian real (comparison of the average PTAX in 1Q18 vs. 1Q17), despite the price decrease in US dollar terms.

With the adoption of the new IFRS 9 (financial instruments) from January 2018, the Company reported R$683.3 thousand as estimated loss on doubtful accounts (PCLD) in 1Q18.

Consolidated Net Revenue (R$ million)



Breakdown of Consolidated Net Revenue (1Q18)



(*) Others: metal bathroom fixtures, polythene water tanks, construction solutions, among others.

Cost of Goods, Products and Services Sold

To operate more competitively and efficiently, the Management has been working diligently to restructure the Company's fixed costs and manufacturing structure. Recurring cost of goods, products and services sold totaled R$91.2 million in 1Q18, down 19.3% from 1Q17, due to the lower sales volume in the operating segments and the adjustment of industrial capacity to operate in line with market demand, despite inflationary pressures on costs. As a result, recurring gross margin came to 29% in 1Q18, down 4 p.p. from 1Q17.

In 1Q18, nonrecurring costs of R$1.2 million were recorded (R$1.7 million in 1Q17) relating to the manufacturing inefficiencies caused by the migration from asbestos to synthetic fiber and disruptions in the production process stemming from the higher share of synthetic fibers in tile production.

R$ ´000	1Q18	1Q17	% Chg.	4Q17	% Chg.
Cost of goods sold	(92,487)	(114,770)	(19.4)	(135,849)	(31.9)
Non-recurring events					
Breaking of products from new technologies	259	1,671	(84.5)	2,705	(90.4)
Expenses with unexpected halts	-	-	-	2,927	(100.0)
Estimated impairment of net realizable value of inventory	-	-	-	2,163	(100.0)
Manufacturing inefficiencies	979	-	-	-	-
Recurring cost of goods sold	**(91,249)**	**(113,099)**	**(19.3)**	**(128,054)**	**(28.7)**

Operating expenses

In line with the structured program to reduce SG&A expenses, the Company reduced total recurring expenses by 15.6% in 1Q18, mainly in commissions and variable expenses on sales due to lower sales volumes and adjustments to the commercial and administrative structures.

The Company continued the restructuring process in the industrial, commercial and administrative areas, which required non-recurring expenses of R$0.6 million with severance payments in 1Q18.

In R$ '000	1Q18	1Q17	Chg. %	4Q17	Chg. %
Selling expenses	(16,937)	(20,900)	(19.0)	(16,813)	0.7
General and administrative expenses*	(19,669)	(21,560)	(8.8)	1,282	(1,634.2)
Other operating revenues (expenses), net	(146)	(425)	(65.6)	(27,508)	(99.5)
Total operating expenses	**(36,752)**	**(42,885)**	**(14.3)**	**(43,039)**	**(14.6)**
Non-recurring event					
Restructuring	551	-	-	2,028	-72.8
Provisions for contingencies	-	-	-	4,173	-100.0
Provision for waste disposal	-	-	-	9,017	(100)
Total recurring operating expenses	**(36,201)**	**(42,885)**	**(15.6)**	**(27,821)**	**30.1**

* Includes Management Compensation.

Equity Pickup

Equity pickup refers to gain or loss from the bathroom chinaware plant in the state of Ceará. In 1Q18, equity pickup was a negative R$4.3 million, as against a negative R$5.6 million in the same year-ago period.

The better result reflects the industrial performance with continuous gain in productivity and the acquisition of new clients. However, it is still affected by the current economic situation in Brazil, which weighs on clients who consume, especially, products with lower value added.

CSC has been gradually increasing its share of the bathroom chinaware market, especially in the North and Northeast regions.

Net Financial Result

Net financial result in the first quarter of 2018 was an expense of R$4.6 million, virtually stable compared to 1Q17, mainly due to the net effect of exchange variation on the Company's foreign currency operations.

Em R$ mil	1T18	1T17	Var. %	4T17	Var. %
Despesas financeiras	(12.280)	(10.849)	13,2	(8.128)	51,1
Receitas financeiras	7.708	6.301	22,3	4.592	67,9
Resultado financeiro líquido	**(4.572)**	**(4.548)**	**0,5**	**(3.536)**	**29,3**

The hedging strategy for foreign exchange risk consists of obtaining a natural hedge, that is, the pursuit of a monthly balance between assets and liabilities in foreign currency among the Group companies.

EBITDA

In 1Q18, adjusted and recurring EBITDA stood at R$4.4 million as a result of low utilization of industrial capacity, and a drop in sales, especially chrysotile in the domestic market. As a result, adjusted and recurring EBITDA margin fell by 9 p.p. from 1Q17 to end the quarter at 3%.

In order to minimize the negative effects on EBITDA, the Company rolled out in 2017 a restructuring process to adjust its business units, which resulted in a 15.6% decline in recurring operating expenses in 1Q18 compared to 1Q17.

Reconciliation of consolidated EBITDA - (R$'000)	1Q18	1Q17	% Chg.	4Q17	% Chg.
Net loss	**(11,138)**	**(2,955)**	**276.9**	**(229,744)**	**(95.2)**
Income tax and social contributions	1,732	2,851	(39.2)	33,271	(94.8)
Net financial Income	4,572	4,548	0.5	3,536	29.3
Depreciation and amortization	3,167	9,191	(65.5)	8,446	(62.5)
EBITDA[1]	**(1,667)**	**13,635**	**-**	**(184,491)**	**(99.1)**
Equity pickup	4,271	5,615	(23.9)	7,885	(45.8)
Non-recurring events					
Restructuring	551	-	-	2,028	(72.8)
Breaking of products in the production	259	1,671	(84.5)	2,705	(90.4)
Expenses with unexpected halts**	-	-	-	2,423	(100.0)
Provisions for contingencies	-	-	-	4,173	(100.0)
Provision for waste disposal	-	-	-	9,017	(100.0)
Provision for loss of property, plant and	-	-	-	7,397	(100.0)
Estimated impairment of net realizable value of inventory	-	-	-	2,163	(100.0)
Estimated loss due to goodwill of assets	-	-	-	16,558	(100.0)
Estimated loss due to impairment of	-	-	-	127,150	(100.0)
Manufacturing inefficiencies****	979	-	-	-	-
Recurring and Adjusted EBITDA[2]	**4,393**	**20,921**	**(79.0)**	**(2,992)**	**-**

** Breaking of products in the production process due to the the higher participation of synthetic fibers in fiber-cement*

*** Not including the depreciation value of a non-scheduled maintenance shutdown.*

**** Loss on recoverability of assets by substitution of raw material (asbestos)*

***** Manufacturing inefficiencies caused by the migration from asbestos to synthetic fiber*

[1] Consolidated EBITDA includes the results from the joint venture Companhia Sulamericana de Cerâmica (CSC), in accordance with the equity method of accounting and non-recurring events, in compliance with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

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

Net Loss

In the period, Eternit posted net recurring loss of R$10.0 million, due to the factors commented in the EBITDA section, despite the improvement in equity pickup. Recurring net margin fell by 7 p.p. to end the period at -8%.

Consolidated Net loss for the year (R$'000)	1Q18	1Q17	% Chg.	4Q17	Var. %
Net loss	**(11,138)**	**(2,955)**	**276.9**	**(229,744)**	**(95.2)**
Non-recurring events	-	-	-	-	-
Restructuring	551	-	-	2,028	(72.8)
Breaking of products from new	259	1,671	(84.5)	2,705	(90.4)
Expenses with unexpected halts	-	-	-	2,927	(100.0)
Provisions for contingencies	-	-	-	4,173	(100.0)
Provision for waste disposal	-	-	-	9,017	(100.0)
Provision for loss of property, plant and	-	-	-	7,397	(100.0)
Estimated impairment of net realizable value of inventory	-	-	-	2,163	(100.0)
Estimated loss due to goodwill of assets	-	-	-	16,558	(100.0)
Estimated loss due to impairment of	-	-	-	127,150	(100.0)
Manufacturing inefficiencies****	979	-	-	-	-
Effect of Income and social contributions	(608)	(568)	7.1	(10,339)	(94.1)
Recurring Net loss for the year	**(9,957)**	**(1,852)**	**437.6**	**(65,966)**	**(84.9)**

** Breaking of products in the production process due to the the higher participation of synthetic fibers in fiber-cement tile manufacturing.*

*** Impact on Income Tax/Social Contribution on non-recurring events, not considering the adjustment for inventory realization, which refers to the joint venture CSC.*

**** Loss on recoverability of assets by substitution of raw material (asbestos)*

***** Manufacturing inefficiencies caused by the migration from asbestos to synthetic fiber*

Debt

The Company ended 1Q18 with gross debt of R$111.3 million, up 14.2% from 2017, due to ACE[5] loan agreements signed by SAMA with financial institutions.

On March 30, 2018, Eternit's cash equivalents stood at R$34.4 million, compared to R$28.8 million in 2017.

Financial investments were remunerated at an average weighted rate of 100.4% of the variation in the CDI rate[6].

DEBT - R$ ´000	03/31/18	12/31/17	% Chg.
Short- term gross debt	79,150	58,888	34.4%
Long-term gross debt	32,100	38,570	-16.8%
Total gross debt	**111,250**	**97,458**	**14.2%**
Cash and cash equivalents	(34,292)	(6,957)	392.9%
Short-term investments (same cash equivalents)	(128)	(21,805)	-99.4%
Cash and short-term investments	**(34,420)**	**(28,762)**	**19.7%**
Net debt	**76,830**	**68,696**	**11.8%**
Recurring and adjusted EBITDA (last 12 months)	28,800	43,656	-34.0%
Net debt / Recurring and adjusted EBITDA x	**2.67**	**1.57**	**-**
Net debt / Equity	**48.2%**	**40.3%**	**-**

The origin of the debt at 03/31/2018 consisted of 67% of foreign currency and 33% of national currency. In 1Q18, 100% of the foreign currency debt was naturally hedged by accounts receivable on chrysotile exports.

[5] ACE: Advances on Foreign Exchange Contracts
[6] CDI: Overnight rate for interbank deposits

Capex

Capex of Eternit and its subsidiaries in 1Q18 totaled R$1.7 million, up 55.1% from 1Q17, and were allocated to the maintenance and modernization of the Group's industrial facilities.

Capital Markets

Eternit has been a listed company since 1948 and since 2006 its stock has been traded on the Novo Mercado, the highest corporate governance segment of the São Paulo Stock Exchange (B3) under the stock ticker ETER3.

With highly fragmented ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 78.3% of the shareholder base on March 30, 2018, while foreign investors accounted for 2.2% and legal entities, clubs, investment funds and foundations accounted for 19.5%. In December 2017, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 31.4% of the capital stock.

On March 30, 2018, Eternit stock was quoted at R$0.85 while the Company's market capitalization was R$152.2 million. Visit the Company's IR website for more information.

Shareholder Remuneration

The Bylaws of Eternit establish a minimum mandatory dividend of 25% on the year's net income after deductions required by law and the Bylaws. In view of the results registered in 1Q18, there was no distribution of earnings in the period. Note that the Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made once positive results are recorded.

Legal issues involving chrysotile mineral

The use of chrysotile asbestos in Brazil is regulated by Federal Law 9,055/95, Decree 2,350/97 and regulations of the Ministry of Labor and Employment. It is also envisaged in Convention 162 of the International Labour Organization (ILO).

On December 21, 2017, Eternit informed the market that the effects of the decision of the Federal Supreme Court ("STF") on November 29, 2017, regarding the effectiveness *erga omnes* of the declaration of unconstitutionality of article 2 of Federal Law 9,055/95 were suspended. Until the filing of any motion for clarification, the declaration of unconstitutionality will apply only to the states that prohibit or ban the use of asbestos as a raw material. In view of the permission for other states, the Company resumed operations at SAMA (mining company) and Precon Goiás (manufacturer of fiber-cement roofing panels) until the appellate decision is published and the period to file motion for clarification lapses, in accordance with the court order.

The production chain will employ the necessary efforts at the Supreme Court so that a minimum period is granted for it to be able to comply with the legal requirement of the mine closure plan, which would occur normally after its depletion.

Until disclosure of the 1Q18 results the decision of the Supreme Federal Court, in the case records of ADI 3406 which ruled on the use of asbestos in Brazil in November 2017, had not been published and hence the operations of SAMA and Precon Goiás continue normally.

Board of Directors, Board of Auditors and Executive Board

At the Annual Shareholders Meeting (ASM) held on April 27, 2018, the following were elected to the Board of Directors (BoD): Marcelo Gasparino da Silva – (Chairman); Euchério Lerner Rodrigues; François Moreau; Louise Barsi; Marcelo Munhoz Auricchio; Olivier Colas; and Raphael Manhães Martins. All were elected as independent members, in accordance with the B3 Novo Mercado Regulations. The term of office is two years until the Annual Shareholders Meeting of 2020.

For the Audit Board, the following were elected members at the aforementioned Shareholders Meeting: Paulo Henrique Zukanovich Funchal; Cristiane do Amaral Mendonça and Fabrício Debortoli, as well as their respective alternates. Audit Board members will hold office until the Annual Shareholders Meeting of 2019. The Board is not a permanent body.

At the Board of Directors meeting held on May 8, 2018, the following were elected to the Executive Board: Luís Augusto Barcelos Barbosa as the Chief Executive Officer; Rodrigo Lopes da Luz, as Investor Relations Officer, in compliance with regulations in force; and as Executive Officers with no specific designation, Rodrigo Ângelo Inácio, Welney de Souza Paiva and Luiz Antonio Nitschke were reelected.

A short bio of each director and executive officer is available on the IR website in the Governance / Management section.

Events after the Reporting Period

Acquisition of all shares of CSC

On April 27, 2018, the Eternit Group formalized the acquisition of the entire interest held by Compañia Colombiana de Cerámica S.A.S ("Colcerámica") in Companhia Sulamericana de Cerâmica S.A. – under Court-Supervised Reorganization ("CSC"), in accordance with the Share Purchase Agreement ("Agreement").

On that date, the Board of Directors approved the acquisition of the shares of CSC.

The conditions of said operation, established in the Agreement, will be included in the bulge of the Court-Supervised Reorganization Plan to be presented by the Eternit Group in the Court-Supervised Reorganization, currently pending before the Judge of the 2nd Court of Bankruptcies and Court-Supervised Reorganizations of the Judicial District of the City of São Paulo, for appreciation, deliberation and ratification by the creditors in the Assembly, guaranteeing transparency and avoiding any losses.

Reverse Stock Split

On April 30, 2018, the Company received an Official Letter from the Superintendent of Company Oversight and Equity Offerings of B3 – Brasil Bolsa Balcão S/A ("B3"), informing that, between March 16, 2018 and April 27, 2018, the shares of the Company were quoted at below one real (R$1.00), which represents a breach of the Listing Regulation for Issuers and Admission for Trading of Securities ("Regulation") and of items 5.1.2 (vi) and 5.2 of the B3 Issuer Manual ("Manual").

In view of the above and in compliance with the B3 requirements, the Company held, on May 24, 2018, a Board of Directors Meeting ("Meeting"), which approved by majority vote the ratio of the reverse stock split in the proportion of 3 (three) shares to 1 (one) new share.

At the Meeting, the Board also called the Extraordinary Shareholders Meeting ("ESM") to be held on July 30, 2018, which will decide on the reverse stock split, the treatment of share fractions and the amendment to the Company's Bylaws to reflect the change made; the approval of the Annual Financial Statements as of December 31, 2017 and the allocation of the result for the fiscal year ended 2017.

The reverse stock split aims to fulfill requirement of B3. The Company will keep its shareholders and the market informed of any developments related to the reverse stock split, in accordance with the rules and timeframes established by applicable laws.

Public-Interest Civil Action in Vitoria da Conquista, Bahia

It was published on April 10, 2018, the decision of the 1st Federal Court of Vitória da Conquista, Bahia against its subsidiary SAMA, on the Public-Interest Civil Action ("ACP") filed by the Federal Prosecution Office ("MPF") and the Prosecution Office of the State of Bahia, to investigate alleged environmental damages in the erstwhile mine of São Felix in the city of Poções in Bahia.

The most significant among the requests made by the MPF and which was accepted by the Federal Court was the determination of compensation for collective environmental pain and suffering in the amount of R$31 million and the court ordered the freezing of SAMA's non-current assets with the blocking of distribution of profits up to the limit of said court order. Such court decision was rendered at first instance and may be subject to appeals and is therefore not final.

Outlook and Management Comments

According to the March 2018 Inflation report of the Central Bank of Brazil (BACEN), the Brazilian economy shows signs of gradual reduction in idleness of the factors of production and the unemployment rate. In line with this scenario, the forecast for 2018 is GDP growth of 2.5%, as per the FOCUS report published on May 18, 2018, while the Inflation report estimates increase of 1.5% in the construction sector's GDP.

For the construction materials sector, ABRAMAT estimates growth of around 1.5% in 2018 (compared to 2017), and expects that the recovery of the sector, already underway, may be slow and alternate between positive and negative results throughout the year.

For fiber-cement roofing panels, Eternit has restructured the processes area in order to improve production efficiency due to the migration from asbestos to synthetic fiber. In the concrete roofing tiles segment, the Company expects an improvement in sales volume through the B2C channel in the medium term as a result of the restructuring of the "Architects Club" program.

The Manaus (AM) unit already produces and sells polypropylene fibers for industrial scale application in fiber-cement. Eternit has been gradually increasing the unit's utilization capacity by offering its product to third parties, including manufacturers of fiber-cement, with the possibility of expanding to other segments in the construction materials sector in Brazil and abroad.

The chinaware unit (CSC) improved its product portfolio targeted at the medium and medium-luxury segments in order to increase business profitability and acquire new clients in the Northern and Northeastern regions.

In chrysotile mining, the focus of the operation is on the export market. With regard to the legal aspects of chrysotile asbestos, the production chain will employ the necessary efforts at the Supreme Court so that a minimum period is granted for it to be able to comply with the legal requirement of the mine closure plan, which would occur normally after its depletion.

As for the other businesses, the Company will also focus on the expansion of other products such as construction solutions, polythene water tanks and metal fixtures for kitchens and bathrooms.

The Company seeks to maintain the level of the above operations in line with market demand, adjusting its operating structure and improving the profitability of its business units in accordance with its restructuring plan.

In all the operating segments, efforts remain focused on recovering operating margin, on constantly reducing operating costs and expenses, especially during times of low installed capacity utilization, and on adequate pricing of its products in order to increase profitability.

With regard to the court-supervised reorganization, filed on March 19, 2018, the Eternit Group will present within the legal timeframe a plan to be submitted for approval by the Meeting of Creditors, which will guarantee the full payment of these creditors. It is a preventive measure aimed at safeguarding the Company's operations, ensuring the continuity of its restructuring process and enabling the perpetuity of its operations, besides suspending the lawsuits and executions in progress against the Group and also the course of the respective statutory periods of limitation. As such, it was one way of acting in advance of a possible situation in which the financial obligations of the Company could not be fulfilled, making its operations impracticable.

Eternit will continue its operations in an organized manner and with predefined deadlines and procedures, coordinating with all parties involved in the restructuring process. These actions are aimed at protecting the Company's cash balance, preserve its employees and ensure the same commercial conditions with its clients and suppliers, with minimum impact on its daily operations.

Conference Call / Webcast (in Portuguese with simultaneous translation into English)

The Executive Board of **Eternit** invites you to participate in the announcement of its results for the first quarter of 2018.

Presentation: Rodrigo Lopes da Luz – Chief Financial, Administrative and Investor Relations Officer
Date: Tuesday, May 29, 2018
Time: 10:00 a.m. - Brasília / 9:00 a.m. - New York / 2:00 p.m. GMT (London)

The presentation, which is accompanied by slides, can be viewed online by registering at http://choruscall.com.br/eternit/1q18.htm or on Eternit's investor relations website: www.eternit.com.br/ri

To listen to the presentation by phone, dial **+55 (11) 3193-1001 or 2820-4001 -** Access code for participants: **Eternit**

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ETERNIT S.A. – under Court-Supervised Reorganization

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	03/31/18	12/31/17	03/31/18	12/31/17
Current	**185,373**	**152,518**	**317,181**	**297,457**
Cash and cash equivalents	28,459	4,922	34,292	6,957
Short-term investments	-	2,838	128	21,805
Accounts receivable	45,215	57,493	133,731	141,897
Inventories	76,427	59,786	113,825	99,001
Taxes recoverable	6,243	7,293	13,098	12,637
Related parties	22,549	17,754	-	-
Other current assets	5,684	1,636	14,801	7,854
Noncurrent assets held for sale	796	796	7,306	7,306
Non-current	**233,241**	**227,960**	**267,982**	**266,165**
Judicial deposits	9,313	8,333	17,721	16,606
Taxes recoverable	24,655	24,578	36,626	34,846
Deferred income and social contribution taxes	27,666	27,666	44,989	45,525
Related parties	11,254	10,039	10,106	9,202
Other noncurrent assets	757	751	1,622	1,617
Investments	120,329	118,027	-	-
Property, Plant and Equipment (PP&E)	37,801	36,965	154,424	155,617
Intangible assets	1,466	1,601	2,494	2,752
Total assets	**418,614**	**380,478**	**585,163**	**563,622**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	03/31/18	12/31/17	03/31/18	12/31/17
Current liabilities	**74,021**	**68,115**	**180,720**	**148,779**
Trade accounts payable	18,650	18,877	32,033	27,084
Loans and financing	2,311	2,385	79,150	58,888
Related parties	6,625	7,153	91	89
Personnel expenses	12,652	9,588	20,184	15,916
Dividends and interest on equity	189	189	189	189
Provision for post-employment benefits	2,926	2,926	4,870	4,870
Taxes, charges and contributions payable	11,626	8,258	16,532	12,036
Restructuring provision	307	307	1,913	2,103
Other current liabilities	18,735	18,432	25,758	27,604
Non-Current	**185,229**	**141,861**	**245,072**	**244,333**
Loans and financing	-	-	32,100	38,570
Related parties	69,459	31,245	-	-
Taxes, charges and contributions payable	1,764	1,764	3,508	3,153
Labor obligations	450	450	1,308	1,308
Provision for tax, civil and labor risks	55,730	55,095	105,163	103,346
Provision for post-employment benefits	39,131	38,883	64,358	63,960
Deferred income tax and social contributions	-	-	19,940	19,572
Provision for decommissioning of mine	18,695	14,424	18,695	14,424
Equity	**159,364**	**170,502**	**159,371**	**170,510**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,460	19,460	19,460	19,460
Treasury shares	(174)	(174)	(174)	(174)
Income reserves	69,084	69,084	69,084	69,084
Accumulated loss	(238,225)	(227,087)	(238,225)	(227,087)
Other comprehensive income	(25,032)	(25,032)	(25,032)	(25,032)
Equity attributable to controlling interests	**159,364**	**170,502**	**159,364**	**170,502**
Noncontrolling interests	-	-	7	8
Total liablities and equity	**418,614**	**380,478**	**585,163**	**563,622**

ETERNIT S.A. – under Court-Supervised Reorganization (PARENT COMPANY)

Income Statements

Corporate Law

R$ ´000	1Q18	1Q17	% Chg.	4Q17	% Chg.
Net operating revenue	**75,508**	**109,959**	**(31.3)**	**98,612**	**(23.4)**
Cost of goods sold	(60,852)	(87,687)	(30.6)	(84,618)	(28.1)
Gross profit	**14,656**	**22,272**	**(34.2)**	**13,994**	**4.7**
Gross margin	***19%***	***20%***	***- 1 p.p.***	***14%***	***- 114 p.p.***
Operating income (expenses)[1]	**(21,135)**	**(24,052)**	**(12.1)**	**(37,009)**	**(42.9)**
Selling expenses	(7,526)	(11,315)	(33.5)	(9,244)	(18.6)
General and administrative expenses[2]	(12,003)	(10,484)	14.5	(4,005)	199.7
Other operating income (expenses), net	(1,606)	(2,253)	(28.7)	(23,760)	(93.2)
Operating income (expenses) before equity pickup (EBIT)	**(6,479)**	**(1,780)**	**264.0**	**(23,015)**	**(71.9)**
EBIT margin	***-9%***	***-2%***	***- 7 p.p.***	***-23%***	***- 677 p.p.***
Equity pickup	(1,969)	518	-	(58,594)	(96.6)
Estimated loss due to impairment of assets and provision for restructuring	(551)	-	-	(126,489)	(99.6)
Financial income (expenses), net	**(2,139)**	**(2,415)**	**(11.4)**	**(2,290)**	**(6.6)**
Financial expenses	(2,838)	(4,292)	(33.9)	(2,978)	(4.7)
Financial income	699	1,877	(62.8)	688	1.6
Loss before income and social contribution taxes	**(11,138)**	**(3,677)**	**202.9**	**(210,388)**	**(94.7)**
Deferred (loss) income and social contributions taxes	-	722	(100.0)	(19,357)	(100.0)
Net loss for the year	**(11,138)**	**(2,955)**	**276.9**	**(229,745)**	**(95.2)**
Net margin	***-15%***	***-3%***	***- 12 p.p.***	***-233%***	***218 p.p.***
EBITDA	**(8,180)**	**22,272**	**-**	**(204,512)**	**(96.0)**
EBITDA margin	***-11%***	***20%***	***- 31 p.p.***	***-207%***	***196 p.p.***

ETERNIT S.A. – under Court-Supervised Reorganization

Income Statements

Corporate Law

R$ ´000	1Q18	1Q17	% Chg.	4Q17	% Chg.
Net operating revenue	**129,227**	**167,714**	**(22.9)**	**164,763**	**(21.6)**
Cost of goods sold	(92,487)	(114,770)	(19.4)	(135,849)	(31.9)
Gross profit	**36,740**	**52,944**	**(30.6)**	**28,914**	**27.1**
Gross margin	***28%***	***32%***	***- 4 p.p.***	***18%***	***10 p.p.***
Operating income (expenses)[1]	**(36,752)**	**(42,885)**	**(14.3)**	**(43,039)**	**(14.6)**
Selling expenses	(16,937)	(20,900)	(19.0)	(16,813)	0.7
General and administrative expenses[2]	(19,669)	(21,560)	(8.8)	1,282	-
Other operating income (expenses), net	(146)	(425)	(65.6)	(27,508)	(99.5)
Operating income (expenses) before equity pickup (EBIT)	**(12)**	**10,059**	**-**	**(14,125)**	**(99.9)**
EBIT margin	***0%***	***6%***	***- 6 p.p.***	***-9%***	***9 p.p.***
Equity pickup	(4,271)	(5,615)	(23.9)	(7,885)	(45.8)
Impairment of assets and provision for restructuring	(551)	-	-	(170,927)	(99.7)
Operating income (expenses) before financial expenses (EBIT*)	***(4,834)***	***4,444***	**-**	***(192,937)***	**(97.5)**
Financial income (expenses), net	**(4,572)**	**(4,548)**	**0.5**	**(3,536)**	**29.3**
Financial expenses	(12,280)	(10,849)	13.2	(8,128)	51.1
Financial income	7,708	6,301	22.3	4,592	67.9
Loss before income and social contribution taxes	**(9,406)**	**(104)**	**8,944.1**	**(196,473)**	**(95.2)**
Current (loss) income and social contributions taxes	(1,196)	(4,032)	(70.3)	(616)	94.2
Deferred (loss) income and social contributions taxes	(536)	1,181	-	(32,655)	(98.4)
Net loss for the year	**(11,138)**	**(2,955)**	**276.9**	**(229,744)**	**(95.2)**
Recurring Net loss for the year	**(9,957)**	**(1,852)**	**437.6**	**(65,966)**	**(84.9)**
Recurring Net margin	***-8%***	***-1%***	***- 7 p.p.***	***-40%***	***32 p.p.***
Loss per share, basic and diluted - R$	(0.0622)	(0.0165)		(1.2839)	
EBITDA	**(1,667)**	**13,635**	**-**	**(184,491)**	**(99.1)**
EBITDA margin	***-1%***	***8%***	***- 9 p.p.***	***-112%***	***111 p.p.***
Recurring and Adjusted EBITDA	**4,393**	**20,921**	**(79.0)**	**(2,992)**	**-**
Recurring and Adjusted EBITDA Margin	***3%***	***12%***	***- 9 p.p.***	***-2%***	***5 p.p.***

(*) Adjusted EBIT due to the result of the joint venture Companhia Sulamerica de Cerâmica

[1] It does not include equity pickup , presented separately from total operating income (expenses)

[2] Includes Management Compensation.

ETERNIT S.A. – under Court-Supervised Reorganization

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	03/31/18	03/31/17	03/31/18	03/31/17
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	**(11,138)**	**(3,677)**	**(9,406)**	**(104)**
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	1,969	(518)	4,271	5,615
Depreciation and amortization	818	3,736	3,167	9,191
Gain (loss) on disposal of property, plant and equipment and intangible assets	(780)	20	(780)	(160)
Write-off of judicial deposits	8	-	8	16
Allowance for doubtful accounts	859	430	1,161	636
Provision for impairment of net realizable value	65	(41)	1,007	(41)
Provision for tax, civil and labor risks	635	1,083	1,826	2,157
Provision for post-employment benefits	980	1,077	1,615	1,455
Provision for decommissioning of mine	-	-	368	335
Provision for restructuring	551	-	551	-
Financial charges, and monetary and exchange variations	461	228	2,510	771
Short-term investment yield	(31)	(90)	(343)	(200)
Net changes in prepaid expenses	3,746	705	5,706	926
	(1,857)	**2,953**	**11,661**	**20,597**
Decrease (increase) in operating assets:				
Accounts receivable	11,419	10,429	6,807	18,682
Related parties	(5,180)	(9,347)	(407)	(796)
Inventories	(12,690)	(1,216)	(15,831)	(7,659)
Taxes recoverable	1,085	5,536	(1,925)	5,750
Judicial deposits	(988)	(475)	(1,132)	(592)
Dividends and interest on equity received	-	1,011	-	-
Other assets	(7,794)	(2,578)	(12,653)	(3,344)
Increase (decrease) in operating liabilities				
Trade accounts payable	(227)	(5,064)	4,949	(2,366)
Related parties	(4,544)	5,971	2	-
Taxes, charges and contributions payable	3,236	(3,506)	3,896	(4,214)
Personnel expenses	3,064	(68)	4,268	217
Post-employment benefits	(732)	(795)	(1,217)	(1,279)
Restructuring expenses	(551)	-	(741)	-
Other liabilities	303	(484)	(1,607)	(277)
Cash provided by operating activities	**(15,456)**	**2,367**	**(3,930)**	**24,719**
Interest paid	(63)	(161)	(1,163)	(4,928)
Income and social contribution taxes paid	-	-	(500)	(4,815)
Net cash provided by operating activities	**(15,519)**	**2,206**	**(5,593)**	**14,976**
Cash flow from investing activities				
Intercompanies loans	(701)	10,720	(400)	10,720
Amount received on disposal of PP&E items	800	37	800	207
Additions to PP&E and intangible assets	(1,540)	(778)	(1,737)	(1,120)
Additions to investments	-	(10,659)	-	(10,659)
Short-term investments	(6,300)	(22,100)	(58,220)	(33,242)
Redemption of short-term investments	9,174	21,800	80,272	31,791
Net cash used in investing activities	**1,433**	**(980)**	**20,715**	**(2,303)**
Cash flows from financing activities				
Loans and financing raised	649	-	54,476	22,791
Repayment of loans and financing	(820)	(3,350)	(42,263)	(36,773)
Intercompanies loans	44,600	850	-	-
Repayment of intercompanies loans	(6,806)	-	-	-
Net cash used in financing activities	**37,623**	**(2,500)**	**12,213**	**(13,982)**
Increase (Decrease) in cash and cash equivalents	**23,537**	**(1,274)**	**27,335**	**(1,309)**
At beginning of period	4,922	3,365	6,957	5,143
At end of period	28,459	2,091	34,292	3,834
Decrease (Increase) in cash and cash equivalents	**23,537**	**(1,274)**	**27,335**	**(1,309)**