

Eternit

São Paulo, May 10, 2019 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, “Company”) announces today the results for the first quarter of 2019 (1Q19). 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 Corporations Law and the International Financial Reporting Standards (IFRS). All comparisons in this press release are with the first quarter of 2018 (1Q18), except where stated otherwise

20% growth in sales of fiber-cement roofing panels in 1Q19 vs. 1Q18

1Q19

Listing Segment

Novo Mercado da B3

Share Price ETER3 (4/30/2019)

R\$/share 2.11
US\$/share 0.53

Shareholder Base (4/30/2019)

Shares issued 29,833,333
Free Float 99.2%

Market Cap (4/30/2019)

R\$62.9 million
US\$15.9 million

Indicators - (Mar/19)

EPS (R\$/share) N/A
Price/EPS N/A

Conference Call / Webcast (in Portuguese)

May 13, 2019, Monday

Time: 03:00 p.m. (Brasília)

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From Brazil

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Password: Eternit

Webcast: www.eternit.com.br/ri or

<http://choruscall.com.br/eternit/1t19.htm>

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Highlights

- The ABRAMAT index of the sales of construction materials varied 0.1% in 1Q19, evidencing a sluggish market.
- In this scenario, sales of fiber-cement roofing panels grew 20% in 1Q19 vs. 1Q18 and 4% vs. 4Q18.
- Fiber-cement roofing panels produced exclusively with synthetic fibers since January 2019, totally eliminating the use of asbestos as raw material.
- Sales of bathroom chinaware grew 32% in 1Q19 vs. 1Q18.
- Suspension of SAMA's operations on February 11, 2019, consequent to the publication of the Federal Supreme Court's decision. Since then, the Company has been awaiting the analysis of the request for supersedeas submitted through a motion for clarification, solely aimed at resuming chrysotile asbestos exports.
- Decrease of 4.3% in net operating revenue in 1Q19 compared to 1Q18, mainly due to the suspension of chrysotile asbestos sales.
- Adjusted EBITDA came to a negative R\$7.8 million and adjusted net loss was R\$20 million in 1Q19.
- About the court-supervised reorganization, the General Creditors' Meeting, which resumed on April 29, 2019, was adjourned at a creditor's request and was rescheduled for May 29, 2019.

Main Indicators

Consolidated - R\$ `000	1Q19	1Q18	% Chg.	4Q18	% Chg.
Net revenues	123,680	129,227	(4.3)	147,882	(16.4)
Adjusted Gross margin	16%	29%	- 13 p.p.	20%	- 4 p.p.
Operating loss/income (EBIT) ¹	(19,746)	(4,834)	308.5	(43,007)	(54.1)
Net loss for the period	(25,464)	(11,138)	128.6	(60,346)	(57.8)
Adjusted Net loss for the period	(20,297)	(9,957)	103.8	(30,126)	(32.6)
Adjusted Net margin	-16%	-8%	- 8 p.p.	-20%	4 p.p.
Earnings (loss) per share - R\$	(0.8538)	(0.3735)		(2.0234)	
CAPEX	954	1,736	(45.0)	1,938	(50.8)
EBITDA ²	(16,025)	(1,667)	861.4	(38,666)	(58.6)
Adjusted EBITDA	(7,797)	4,393	-	(4,838)	61.2
Adjusted EBITDA Margin	-6%	3%	- 9 p.p.	-3%	- 3 p.p.

¹ Before financial results.

² Operating income before interests, taxes, depreciation and amortization



Economy and Market

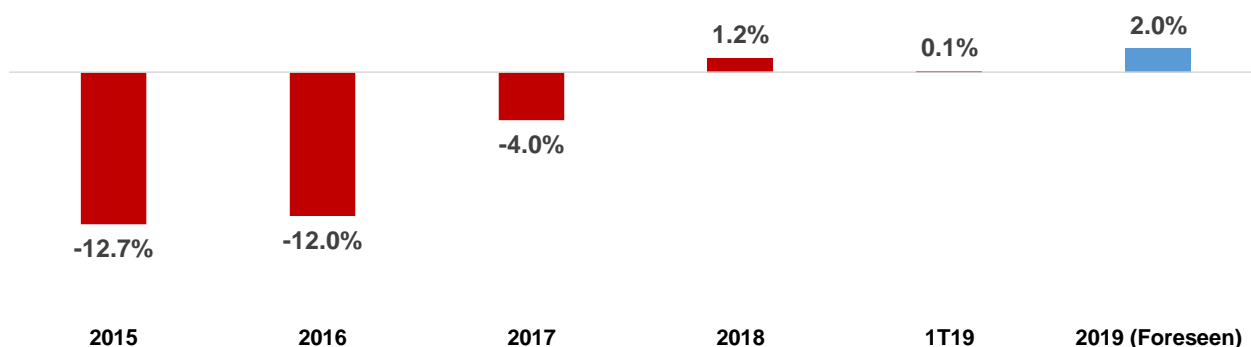
The Brazilian economy continues to recover slowly, still operating with high level of idleness among the factors of production, which is reflected in the unemployment rate at 12.7% in 1Q19 (source: IBGE) and in the industry capacity utilization index of 76.5% in March 2019 (source: CNI). Copom pointed out that the highlight on the supply side was the performance of the services sector, which compensated the decline in industrial activity. On the demand side, the household consumption increased, driven, among other factors, by the increase in wages and the expansion of credit to individuals.

According to the FOCUS report, GDP in 2019 is projected at 1.5%¹ while construction GDP is forecast at 0.6%².

According to ABRAMAT³ data, the construction material sales index remained stable (0.1%) in 1Q19 in relation to 1Q18, with sales declining in January and February, while picking up in March, indicating that the sector will continue to pick up steam, at a slow pace if the current scenario does not change. Also according to ABRAMAT, the resumption of investments in infrastructure works, as well as residential and commercial construction, among others, is fundamental in order for the sector to register substantial revenue growth.

Preliminary data from the National Cement Industry Union (SNIC) indicate a 1.3% increase in cement sales in Brazil in 1Q19 compared to 1Q18, representing a moderate upward trend in the industry.

Revenue (ex-inflation) from the construction materials industry (ABRAMAT)



Management Comments

Performance in the first quarter of 2019 was mainly driven by the following:

- (i) stabilization of the production process of fiber-cement roofing panels solely with synthetic fibers and the consequent increase in the availability of the product for sale;
- (ii) suspension of SAMA's operations on February 11, 2019. The Company is awaiting the analysis of the request for supersedeas submitted through a motion for clarification filed by the entity representing the sector consequent to the publication of the court decisions on Actions for Declaration of Unconstitutionality no. 3406 and 3470, related to the decisions of the Federal Supreme Court on the use of chrysotile asbestos in Brazil on November 29, 2017.

Precon is shut down due to the ban on the use of chrysotile asbestos in the production of fiber-cement roofing panels in Brazil. Management has been conducting studies to identify the option with the best financial return on the use of the Anápolis assets, which include: (i) investments to adapt the Anápolis unit to use polypropylene fiber in the production of tiles; (ii) transfer of the production line to Goiânia to capture economies of scale in production; (iii) transfer of the unit to a new site, in a region where Eternit has no production unit, in order to serve markets where competitiveness is currently affected by logistics costs.

In connection with the court-supervised reorganization ("CSR"):

- (i) a new version of the court-supervised reorganization plan was filed on April 25, 2019, and

¹ BACEN: Focus market readout of 5/3/2019 issued by the Central Bank of Brazil

² BACEN: March 2019 Inflation Report.

³ ABRAMAT: Brazilian Construction Materials Industry Association



- (ii) in view of the request from a creditor for additional time to analyze the terms and conditions of the Court-Supervised Reorganization Plan, more than 99% of the creditors approved the suspension of the General Creditors' Meeting held on April 29, which was rescheduled for May 29, 2019.

Eternit continues to advance in its restructuring program, with the focus on optimizing its production process of roofing panels using polypropylene fiber, reducing its cost structure, and recovering its share of the fiber-cement roofing panels market.

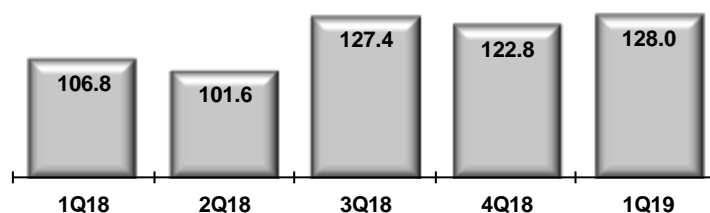
Operational and Financial Aspects

Sales

Fiber-cement roofing panels

Sales of fiber-cement roofing panels amounted to 128 thousand tons in 1Q19, up 20% from 1Q18. This performance was marked by more efficient production and, consequently, greater availability of products for sale, with sales growing 4% this quarter compared to 4Q18.

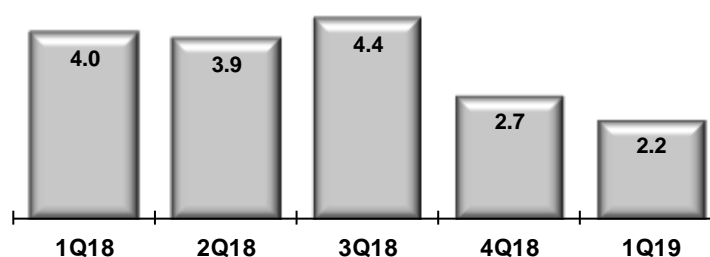
Sales of Fiber-cement (thous. Tons.)



Concrete Roofing Tiles

Volume sold in 1Q19 was 46% lower compared to 1Q18, mainly due to the lower demand from the My Home, My Life ("MHML") program, whose recovery depends on the budget allocation from the Federal Government. The Company intends to offset this decline in demand by strengthening its operations in partnership with specialized resellers and through the B2C channel, through the "Architects Club" program.

Sales of Concrete Roofing Tiles (million pieces)

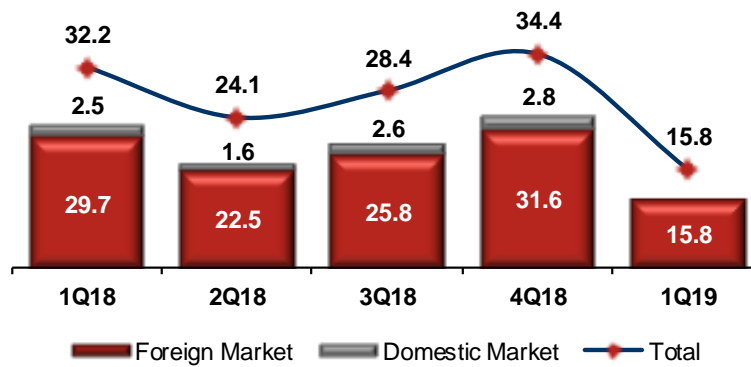


Chrysotile

In 1Q19, chrysotile mineral sales reached 15,800 tons, down 51% from 1Q18, reflecting the interruption in the sales of chrysotile asbestos fibers in the domestic market since January 2019 and the suspension of operations at Sama on February 11, 2019.

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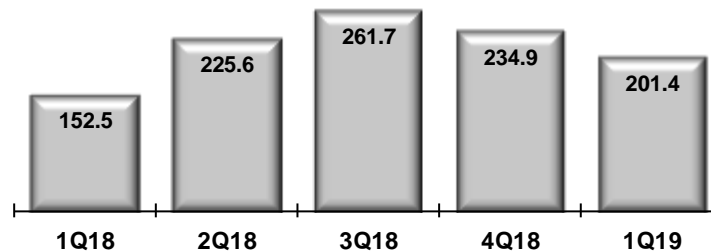
Sales of Chrysotile Mineral (thous. Tons.)*



Bathroom Chinaware

Sales of bathroom chinaware grew 32% in 1Q19 vs. 1Q18, due to better operational and commercial performance resulting from productivity gains and acquisition of new clients. Companhia Sulamericana de Cerâmica (CSC) has been gradually increasing its share of the bathroom chinaware market in the Northern and Northeastern regions.

Sales (thousand pieces)

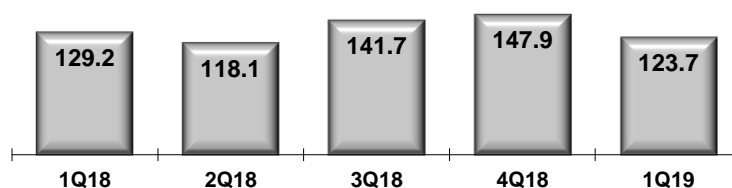


Net Operating Revenue

Net revenue totaled R\$124 million in the quarter, down 4.3% from 1Q18, affected by the suspension of chrysotile asbestos sales in the international market, despite the 10% increase in domestic sales.

In 2018, chrysotile asbestos exports accounted for 26% of the Eternit Group's revenues.

Consolidated Net Revenue (R\$ million)





Cost of Goods and Products Sold

Cost of goods and products sold totaled R\$103.7 million in 1Q19, up 12.1% from 1Q18, mainly due to the higher sales of fiber-cement roofing panels.

R\$ '000	1Q19	1Q18	% Chg.	4Q18	% Chg.
Cost of goods sold	(103,653)	(92,487)	12.1	(118,745)	(12.7)
Non-recurring events					
Breaking of products from new technologies*	-	259	(100.0)	-	-
Manufacturing inefficiencies	-	979	-	-	-
Adjusted cost of goods sold	(103,653)	(91,249)	13.6	(118,745)	(12.7)
<i>Adjusted gross margin</i>	16%	29%	- 13 p.p.	20%	- 4 p.p.

* Due to the decrease in the production process resulting from the increase of the migration in the productive units in the participation of the

Operating Expenses

In 1Q19, operating expenses amounted to R\$36 million, practically stable in relation to 1Q18.

Note that the variation in "Other operational income (expenses), net" was mainly due to (i) the provision for loss of tax incentives at Precon; (ii) the installment payment of tax of the Goiânia unit; and (iii) provision for tax, civil and labor contingencies.

In R\$ '000	1Q19	1Q18	Chg. %	4Q18	Chg. %
Selling expenses	(13,726)	(16,937)	(19.0)	(20,015)	(31.4)
General and administrative expenses*	(17,747)	(19,669)	(9.8)	(22,699)	(21.8)
Other operating revenues (expenses), net	(5,285)	(146)	3,519.9	(2,775)	90.5
Total operating expenses	(36,758)	(36,752)	0.0	(45,489)	(19.2)
Non-recurring event					
Restructuring	190	551	(66)	445	(57.3)
Expenses related to the judicial recovery process**	503	-	-	1,874	(73.2)
Total adjusted operating expenses	(36,065)	(36,201)	(0.4)	(43,170)	(16.5)

* Includes Management Compensation.

** It includes the amounts of legal advice and expenses related to the judicial recovery process

Equity Pickup

Equity pickup refers to the 60% interest held by Eternit in the bathroom chinaware business, whose plant is located in the state of Ceará.

In 1Q19, equity pickup was a negative R\$2.8 million, 34% lower than the R\$4.3 million in the same period last year.

On April 27, 2018, the Eternit Group formalized the acquisition of the entire interest in Companhia Sulamericana de Cerâmica S.A. – under Court-Supervised Reorganization ("CSC"). Despite the acquisition of CSC, the Eternit Group will consolidate 100% of CSC only after approval of the court-supervised reorganization plan at the general creditors' meeting, in accordance with the Share Purchase Agreement ("Agreement").

Net Financial Result

Net financial result in 1Q19 was an expense of R\$5.0 million, up 10.4% from 1Q18, mainly due to financial charges resulting from payment of federal and state taxes in installments, amounting to around R\$2.2 million.

In R\$ '000	1Q19	1Q18	Chg. %	4Q18	Chg. %
Financial expenses	(5,858)	(5,089)	15.1	(10,945)	(46.5)
Financial income	1,000	1,363	(26.6)	789	26.7
Exchange variation	(188)	(846)	(77.8)	460	(140.9)
Net financial result	(5,046)	(4,572)	10.4	(9,696)	(48.0)

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EBITDA

In 1Q19, adjusted EBITDA was a negative R\$7.8 million. Adjusted EBITDA margin fell 9 p.p. from 1Q18 and ended the quarter at -6%.

Reconciliation of consolidated EBITDA - (R\$'000)	1Q19	1Q18	% Chg.	4Q18	% Chg.
Net loss	(25,464)	(11,138)	128.6	(60,346)	(57.8)
Income tax and social contributions	672	1,732	(61.2)	7,643	(91.2)
Net financial Income	5,046	4,572	10.4	9,696	(48.0)
Depreciation and amortization	3,721	3,167	17.5	4,341	(14.3)
EBITDA¹	(16,025)	(1,667)	861.4	(38,666)	(58.6)
Equity pickup	2,825	4,271	(33.9)	2,820	0.2
Non-recurring events					
Restructuring	190	551	(65.5)	445	(57.3)
Expenses related to the judicial recovery process	503	-	-	1,874	(73.2)
Breaking of products in the production process*	-	259	(100.0)	-	-
Estimated loss due to impairment of assets	-	-	-	23,390	(100.0)
Production interruption of SAMA	4,710	-	-	-	-
Manufacturing inefficiencies**	-	979	-	-	-
Provision for post-employment benefit***	-	-	-	5,299	(100.0)
Recurring and Adjusted EBITDA²	(7,797)	4,393	-	(4,838)	61.2
<i>Adjusted EBITDA Margin</i>	<i>-6%</i>	<i>3%</i>	<i>- 9 p.p.</i>	<i>-3%</i>	<i>- 3 p.p.</i>

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

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

*** The subsidiary Sama changed the contractual modality in the medical plan that changed from a post-payment model to a prepayment model

¹ Consolidated EBITDA includes the results of 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 and non-recurring events.

Net Loss

In the period, Eternit posted adjusted net loss of R\$20 million. Adjusted net margin ended the period at -16%.

The net loss of R\$25.5 million in 1Q19 resulted in negative equity of R\$13.2 million at the end of the quarter.

Consolidated Net loss for the year (R\$'000)	1Q19	1Q18	% Chg.	4Q18	% Chg.
Net loss	(25,464)	(11,138)	128.6	(60,346)	(57.8)
Non-recurring events					
Restructuring	190	551	(65.5)	445	(57.3)
Expenses related to the judicial recovery process	503	-	-	1,874	(73.2)
Breaking of products from new technologies	-	259	(100.0)	-	-
Expenses with unexpected halts	-	-	-	-	-
Estimated loss due to impairment of assets	-	-	-	23,390	(100.0)
Production interruption of SAMA	4,710	-	-	-	-
Manufacturing inefficiencies	-	979	(100.0)	-	-
Provision for post-employment benefit	-	-	-	5,299	(100.0)
Effect of Income and social contributions taxes*	(236)	(608)	(61.3)	(788)	(70.1)
Adjusted Net loss for the period	(20,297)	(9,957)	103.8	(30,126)	(32.6)
<i>Adjusted Net margin</i>	<i>-16%</i>	<i>-8%</i>	<i>- 8 p.p.</i>	<i>-20%</i>	<i>4 p.p.</i>

* Impact on Income Tax/Social Contribution on non-recurring events



Debt

Eternit ended the quarter with gross debt of R\$132.5 million, practically stable in relation to December 2018. Of this amount, R\$53 million refer to trade finance lines contracted after the filing for Court-Supervised Reorganization, to fund the Company's working capital requirements. The portion of R\$79.5 million refers to bankruptcy-related debt and will be amortized under the conditions envisaged in the CSR plan.

DEBT - R\$ '000	03/31/19	12/31/18	% Chg.
Short-term gross debt	100,377	98,824	1.6%
Long-term gross debt	32,101	32,101	-
Total gross debt	132,478	130,925	1.2%
(-) Cash and cash equivalents	4,277	9,181	-53.4%
(-) Cash and short-term investments	4,277	9,181	-53.4%
Net debt	128,201	121,744	5.3%
Net debt / Equity	N/A	993.8%	-

As for the Company's debt profile on March 31, 2019, 27% of the debt was in foreign currency and 73% in local currency. Foreign currency debt was 100% naturally hedged by accounts receivable in foreign currency from chrysotile exports.

Capex

Capex of Eternit and its subsidiaries amounted to R\$954,000 in 1Q19, down 45% from 1Q18. The funds were allocated mainly 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 74.3% of the shareholder base on March 31, 2019, while foreign investors and legal entities accounted for 2.3% and clubs, investment funds and foundations accounted for 23.4%. On the same date, only four shareholders held more than 5% interest in the capital stock, holding an aggregate interest of 39.1% of the total capital.

Eternit's shares ended 2018 quoted at R\$2.07/share, resulting in a market cap of R\$61.8 million. Visit the Company's [IR](#) website for more information.

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).

Direct Actions for Declaration of Unconstitutionality (ADI) 3406 and 3470 in the Federal Supreme Court (STF)

On February 1, 2019, the Company was notified of the publication of the appellate decisions regarding the decision of the Federal Supreme Court on the Direct Actions for Declaration of Unconstitutionality ("ADIs") no. 3406 and 3470, relating to the use of asbestos in Brazil on November 29, 2017.

Eternit informed the market that on February 11, 2019 it suspended the operations of its subsidiary SAMA until analysis of the request for supersedeas, submitted through a motion for clarification filed by the entity representing the industry, as per the Material Fact notice (disclosed on November 29, 2017) and the Notice to the Market (disclosed on February 2, 2019).

On April 17, 2019, a request for incidental and temporary interlocutory relief was filed in connection with Direct Action for Declaration of Unconstitutionality (ADI) 3406 at the Federal Supreme Court, seeking permission to export the chrysotile asbestos available in inventory.



Until the earnings disclosure of the first quarter of 2019, the motion for clarification had not yet been judged and SAMA's operations remained suspended.

Events after the Reporting Period

Resignation of the Chief Operations Officer

The Company announced to the market on April 11, 2019 that it had received the resignation letter from Luiz Antonio Nitschke from the position of Chief Operations Officer of the Company.

Audit Board

The Annual Shareholders Meeting (ASM) held on April 25, 2019, elected the following Audit Board members: Paulo Henrique Zukanovich Funchal, Cristiane do Amaral Mendonça and Octavio René Lebarbenchon Neto, and their respective alternate members. Audit Board members will hold office until the Annual Shareholders Meeting of 2020.

A short resume of each member is available on the Company's Investor Relations website, in the Corporate Governance / Management section.

General Creditors Meeting

As per the Material Fact notice disclosed on April 29, 2019, the proceedings of the General Creditors' Meeting, which was held on November 27, 2018 and then suspended the same date, resumed on that date.

In view of the request from a creditor for additional time to analyze the terms and conditions of the Court-Supervised Reorganization Plan, more than 99% of the creditors approved the suspension of the General Creditors' Meeting, which was rescheduled for May 29, 2019.

For more information, visit the page on the court-supervised reorganization on the Company's [IR website \(www.eternit.com.br/ri\)](http://www.eternit.com.br/ri).


ETERNIT S.A. – under Court-Supervised Reorganization
Balance Sheet

Corporate Law (R\$ '000)

ASSETS	Parent Company		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Current	176,704	141,012	254,416	270,001
Cash and cash equivalents	2,973	6,438	4,277	9,181
Accounts receivable	54,101	46,514	108,625	125,247
Inventories	67,503	67,429	90,130	90,566
Taxes recoverable	2,777	3,188	14,635	14,026
Related parties	36,620	8,830	5,966	1,764
Other current assets	11,934	7,817	23,477	21,911
Noncurrent assets held for sale	796	796	7,306	7,306
Non-current	263,380	268,813	308,137	299,135
Judicial deposits	7,835	7,658	16,211	15,823
Taxes recoverable	24,868	24,792	38,979	39,650
Deferred income and social contribution taxes	25,468	25,468	39,732	40,095
Related parties	27,407	26,140	18,197	16,945
Other noncurrent assets	778	772	1,461	1,638
Investments	153,436	159,956	57,187	57,187
Right-of-use assets	-	-	11,340	-
Property, Plant and Equipment (PP&E)	23,233	23,636	124,334	126,954
Intangible assets	355	391	696	843
Total assets	440,084	409,825	562,553	569,136
LIABILITIES AND EQUITY				
	Parent Company		Consolidated	
	03/31/19	12/31/18	03/31/19	12/31/18
Current liabilities	223,682	173,159	236,607	235,898
Trade accounts payable	31,746	23,730	45,120	38,492
Loans and financing	62,345	59,003	100,377	98,824
Related parties	64,940	27,992	2,056	91
Personnel expenses	12,244	11,537	20,592	19,872
Dividends and interest on equity	23	23	23	23
Provision for post-employment benefits	3,269	3,269	6,515	6,515
Taxes, charges and contributions payable	13,458	13,318	18,000	23,227
Restructuring provision	307	307	345	345
Other provisions	-	-	370	-
Other current liabilities	35,350	33,980	43,209	48,509
Non-Current	229,645	224,439	339,163	320,988
Loans and financing	-	-	32,101	32,101
Related parties	59,410	59,779	-	-
Taxes, charges and contributions payable	20,896	19,356	33,849	32,541
Labor obligations	8,659	8,646	14,335	14,110
Lease liabilities	-	-	10,970	-
Provision for tax, civil and labor risks	68,320	67,218	116,659	114,353
Provision for post-employment benefits	39,482	39,387	76,947	76,790
Deferred income tax and social contributions	-	-	21,424	21,040
Provision for decommissioning of mine	32,878	30,053	32,878	30,053
Equity	(13,243)	12,227	(13,217)	12,250
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,437	19,437	19,437	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(332,734)	(307,264)	(332,734)	(307,264)
Other comprehensive income	(34,023)	(34,023)	(34,023)	(34,023)
Equity attributable to controlling interests	(13,243)	12,227	(13,243)	12,227
Noncontrolling interests	-	-	26	23
Total liabilities and equity	440,084	409,825	562,553	569,136


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

Corporate Law

R\$ '000	1Q19	1Q18	% Chg.	4Q18	% Chg.
Net operating revenue	94,143	75,508	24.7	83,793	12.4
Cost of goods sold	(84,421)	(60,852)	38.7	(81,439)	3.7
Gross profit	9,722	14,656	(33.7)	2,354	312.9
<i>Gross margin</i>	<i>10%</i>	<i>19%</i>	<i>- 9 p.p.</i>	<i>3%</i>	<i>7 p.p.</i>
Operating income (expenses)¹	(20,586)	(21,135)	(2.6)	(24,649)	(16.5)
Selling expenses	(7,895)	(7,526)	4.9	(9,761)	(19.1)
General and administrative expenses ²	(8,724)	(12,003)	(27.3)	(15,112)	(42.3)
Other operating income (expenses), net	(3,967)	(1,606)	147.0	224	-
Operating income (expenses) before equity pickup (EBIT)	(10,864)	(6,479)	67.7	(22,295)	(51.3)
<i>EBIT margin</i>	<i>-12%</i>	<i>-9%</i>	<i>- 3 p.p.</i>	<i>-27%</i>	<i>15 p.p.</i>
Equity pickup	(9,345)	(1,969)	374.6	(13,643)	(31.5)
Provision for restructuring and desmobilization	(190)	(551)	(65.5)	(17,118)	(98.9)
Financial income (expenses), net	(5,071)	(2,139)	137.1	(5,093)	(0.4)
Loss before income and social contribution taxes	(25,470)	(11,138)	128.7	(58,149)	(56.2)
Deferred (loss) income and social contributions taxes	-	-	-	(2,198)	(100.0)
Net loss for the year	(25,470)	(11,138)	128.7	(60,347)	(57.8)
<i>Net margin</i>	<i>-27%</i>	<i>-15%</i>	<i>- 12 p.p.</i>	<i>-72%</i>	<i>45 p.p.</i>
EBITDA	(19,093)	14,656	-	(51,742)	(63.1)
<i>EBITDA margin</i>	<i>-20%</i>	<i>19%</i>	<i>- 39 p.p.</i>	<i>-62%</i>	<i>42 p.p.</i>

ETERNIT S.A. – under Court-Supervised Reorganization (CONSOLIDATED)
Income Statements

Corporate Law

R\$ '000	1Q19	1Q18	% Chg.	4Q18	% Chg.
Net operating revenue	123,680	129,227	(4.3)	147,882	(16.4)
Cost of goods sold	(103,653)	(92,487)	12.1	(118,745)	(12.7)
Gross profit	20,027	36,740	(45.5)	29,137	(31.3)
<i>Gross margin</i>	<i>16%</i>	<i>28%</i>	<i>- 12 p.p.</i>	<i>20%</i>	<i>- 4 p.p.</i>
Operating income (expenses)¹	(36,758)	(36,752)	0.0	(45,489)	(19.2)
Selling expenses	(13,726)	(16,937)	(19.0)	(20,015)	(31.4)
General and administrative expenses ²	(17,747)	(19,669)	(9.8)	(22,699)	(21.8)
Other operating income (expenses), net	(5,285)	(146)	3,519.9	(2,775)	90.5
Operating income (expenses) before equity pickup (EBIT)	(16,731)	(12)	140,589.6	(16,352)	2.3
<i>EBIT margin</i>	<i>-14%</i>	<i>0%</i>	<i>- 14 p.p.</i>	<i>-11%</i>	<i>- 3 p.p.</i>
Equity pickup	(2,825)	(4,271)	(33.9)	(2,820)	0.2
Provision for restructuring and desmobilization	(190)	(551)	(65.5)	(23,835)	(99.2)
Operating income (expenses) before financial expenses (EBIT*)	(19,746)	(4,834)	308.5	(43,007)	(54.1)
Financial income (expenses), net	(5,046)	(4,572)	10.4	(9,696)	(48.0)
Loss before income and social contribution taxes	(24,792)	(9,406)	163.6	(52,703)	(53.0)
Current (loss) income and social contributions taxes	(308)	(1,196)	(74.2)	(3,755)	(91.8)
Deferred (loss) income and social contributions taxes	(364)	(536)	(32.1)	(3,888)	(90.6)
Net loss for the period	(25,464)	(11,138)	128.6	(60,346)	(57.8)
Adjusted Net loss for the period	(20,297)	(9,957)	103.8	(30,126)	(32.6)
<i>Adjusted Net margin</i>	<i>-16%</i>	<i>-8%</i>	<i>- 8 p.p.</i>	<i>-20%</i>	<i>4 p.p.</i>
Loss per share, basic and diluted - R\$	(0.8538)	(0.3735)		(2.0234)	
EBITDA	(16,025)	(1,667)	861.4	(38,666)	(58.6)
<i>EBITDA margin</i>	<i>-13%</i>	<i>-1%</i>	<i>- 12 p.p.</i>	<i>-26%</i>	<i>13 p.p.</i>
Adjusted EBITDA	(7,797)	4,393	-	(4,838)	61.2
<i>Adjusted EBITDA Margin</i>	<i>-6%</i>	<i>3%</i>	<i>- 9 p.p.</i>	<i>-3%</i>	<i>- 3 p.p.</i>

(*) 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	
	03/31/19	03/31/18	03/31/19	03/31/18
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	(25,470)	(11,138)	(24,792)	(9,406)
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	9,345	1,969	2,825	4,271
Depreciation and amortization	1,306	818	3,721	3,167
Gain (loss) on disposal of property, plant and equipment and intangible assets	-	(780)	-	(780)
Write-off of judicial deposits	(142)	8	(142)	8
Allowance for doubtful accounts	99	859	(227)	1,161
Provision for impairment of net realizable value	(252)	65	(474)	1,007
Provision for tax, civil and labor risks	1,102	635	2,306	1,826
Provision for post-employment benefits	913	980	1,787	1,615
Provision for decommissioning of mine	-	-	384	368
Provision for restructuring	(117)	551	(155)	551
Provision for granting	612	-	549	-
Financial charges, and monetary and exchange variations	1,601	461	227	2,510
Short-term investment yield	-	(31)	-	(343)
Net changes in prepaid expenses	5,838	3,746	8,311	5,706
	(5,165)	(1,857)	(5,680)	11,661
Decrease (increase) in operating assets:				
Accounts receivable	(39,724)	11,419	(13,810)	6,807
Related parties	(30,001)	(5,180)	(5,321)	(407)
Inventories	7,270	(12,690)	910	(15,831)
Taxes recoverable	406	1,085	1,447	(1,925)
Judicial deposits	(35)	(988)	(56)	(1,132)
Dividends and interest on equity received	-	-	-	-
Other assets	(9,956)	(7,794)	(9,696)	(12,653)
Increase (decrease) in operating liabilities				
Trade accounts payable	8,016	(227)	6,628	4,949
Related parties	29,856	(4,544)	1,965	2
Taxes, charges and contributions payable	1,524	3,236	(2,918)	3,896
Personnel expenses	720	3,064	945	4,268
Post-employment benefits	(817)	(732)	(1,629)	(1,217)
Restructuring expenses	(190)	(551)	(190)	(741)
Other liabilities	1,065	303	(5,505)	(1,607)
Cash provided by operating activities	(37,031)	(15,456)	(32,910)	(3,930)
Interest paid	(360)	(63)	(847)	(1,163)
Income and social contribution taxes paid	-	-	(2,765)	(500)
Net cash provided by operating activities	(37,391)	(15,519)	(36,522)	(5,593)
Cash flow from investing activities				
Intercompanies loans	-	(701)	-	(400)
Amount received on disposal of PP&E items	-	800	-	800
Additions to PP&E and intangible assets	(867)	(1,540)	(954)	(1,737)
Short-term investments	-	(6,300)	-	(58,220)
Redemption of short-term investments	-	9,174	-	80,272
Net cash used in investing activities	(867)	1,433	(954)	20,715
Cash flows from financing activities				
Loans and financing raised	39,078	649	65,628	54,476
Repayment of loans and financing	(4,285)	(820)	(33,056)	(42,263)
Intercompanies loans	-	44,600	-	-
Repayment of intercompanies loans	-	(6,806)	-	-
Net cash used in financing activities	34,793	37,623	32,572	12,213
Increase (Decrease) in cash and cash equivalents	(3,465)	23,537	(4,904)	27,335
At beginning of period	6,438	4,922	9,181	6,957
At end of period	2,973	28,459	4,277	34,292
Decrease (Increase) in cash and cash equivalents	(3,465)	23,537	(4,904)	27,335