



São Paulo, November 14, 2019 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, “Company”) today announces the results for the 3<sup>rd</sup> quarter of 2019 (3Q19). 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 3<sup>rd</sup> quarter of 2018 (3Q18), except where stated otherwise.

## Eternit ends 3Q19 with net income of R\$35.7 million after accounting for the effects of the court-supervised reorganization plan

3Q19	
<b>Listing Segment</b>	
	Novo Mercado of B3
<b>Share Price ETER3 (10/31/2019)</b>	
	R\$/share 2.68 US\$/share 0.67
<b>Shareholders Base (10/31/2019)</b>	
	Shares issued 31,773,929 Free Float 99.4 %
<b>Market Cap (10/31/2019)</b>	
	R\$85.1 million US\$21.3 million
<b>Indicators - (Sep/19)</b>	
	EPS (R\$/share) N/A Price/EPS N/A
<b>Conference Call/Webcast</b>	
	<b>November 19, 2019, Tuesday</b> <b>Time:</b> 10:00 a.m. (Brasília)
	<b>Dial-in:</b> From Brazil <b>+55 (11) 3193-1080</b> or <b>+55 (11) 2820-4080</b> Password: <b>Eternit</b>
	<b>Webcast:</b> <a href="http://www.eternit.com.br/ri">www.eternit.com.br/ri</a> or <a href="http://choruscall.com.br/eternit/3t19.htm">http://choruscall.com.br/eternit/3t19.htm</a>
<b>Talk to IR</b>	
	<a href="mailto:ri@eternit.com.br">ri@eternit.com.br</a> (11) 3194-3881 or 3194-3884

### Highlights

- **Fiber-cement roofing panel sales** grew 13% in 3Q19 compared to 3Q18 and 26% in the year.
- Driven by demand for fiber-cement, **Eternit Amazônia** set a polypropylene fiber **production record**, registering 72% growth in the year compared to 2018.
- **Bathroom chinaware sales** volume up 10% in 9M19 vs. 9M18.
- In **3Q19** the Company accounted 100% of **CSC** it in its consolidated results.
- In **August** it was the **launch** of the **photovoltaic concrete roofing** in line with the Company's strategy to diversify its portfolio.
- On September 20, 2019, the **Board of Directors approved the partial ratification of the capital increase**, pursuant to the court-supervised reorganization plan, which resulted in an issue of 1,940,596 registered common shares with no par value, for a total increase of R\$4,715,648.28.
- Subsequent event: on October 15, 2019, **payments of Class I**, which consists of labor dues, were made.

### Main Indicators

Consolidated - R\$ `000	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
<b>Gross revenues</b>	<b>167,227</b>	<b>174,365</b>	<b>(4.1)</b>	<b>155,129</b>	<b>7.8</b>	<b>478,995</b>	<b>485,179</b>	<b>(1.3)</b>
<b>Net revenues</b>	<b>127,294</b>	<b>141,681</b>	<b>(10.2)</b>	<b>117,005</b>	<b>8.8</b>	<b>367,979</b>	<b>389,023</b>	<b>(5.4)</b>
Gross profit	12,640	19,474	(35.1)	9,766	29.4	42,433	74,982	(43.4)
Operating loss/income (EBIT) <sup>1</sup>	51,399	(29,363)	-	(25,040)	-	4,051	(62,881)	-
<b>Net income (loss) for the period</b>	<b>35,660</b>	<b>(43,107)</b>	<b>-</b>	<b>(29,534)</b>	<b>-</b>	<b>(19,338)</b>	<b>(89,021)</b>	<b>(78.3)</b>
EBITDA Margin	28%	-30%	58 p.p.	-25%	53 p.p.	-5%	-23%	18 p.p.
Earnings (loss) per share - R\$	1.1226	(0.2409)	-	(0.9903)	-	(0.6484)	(0.4975)	-
CAPEX	3,178	1,611	97.2	1,166	172.5	5,298	4,973	6.5
<b>EBITDA <sup>2</sup></b>	<b>66,585</b>	<b>(25,360)</b>	<b>-</b>	<b>(21,148)</b>	<b>-</b>	<b>29,412</b>	<b>(53,597)</b>	<b>-</b>
EBITDA Margin	52%	-18%	70 p.p.	-18%	70 p.p.	8%	-14%	22 p.p.

<sup>1</sup> Before financial results.

<sup>2</sup> Operating income before interests, taxes, depreciation and amortization



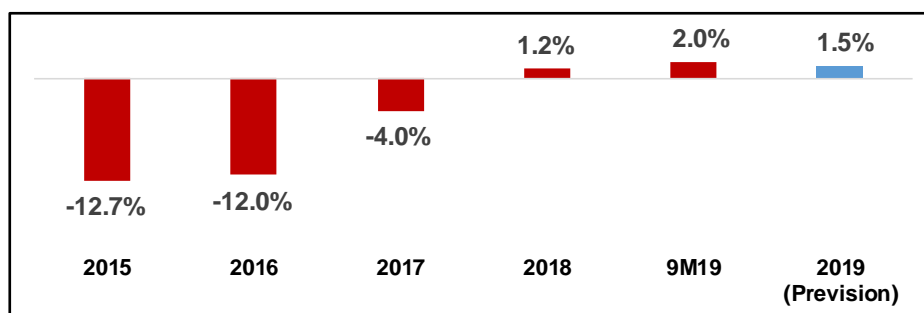
## Economy and Market

The Brazilian economy has shown a gradual recovery in economic activity. According to preliminary indicators of the 2<sup>nd</sup> half of 2019, economic recovery was driven by the following factors: (i) the macroeconomic scenario with a reduction in the SELIC interest rate; (ii) the incentive to microeconomic measures aimed at regaining business confidence; and (iii) the release of FGTS funds as a mechanism to boost domestic consumption. Though unemployment rate still remains high (11.8%<sup>1</sup>), the only component of demand that has had stronger growth was consumption<sup>2</sup>, since public spending is down (restrictive fiscal policy) and private investments are being affected by political uncertainties regarding economic reforms. Thus, the forecast for GDP growth is 0.92%<sup>3</sup> in 2019, and 2.08%<sup>3</sup> in 2020.

Industrial production, on the other hand, ended 3 months of consecutive decline in September, expanding 0.3%<sup>4</sup> from the previous month and 1.1%<sup>4</sup> from September 2018, while civil construction GDP projection was revised from -1.0%<sup>5</sup> to 0.1%<sup>5</sup>.

As reported by ABRAMAT<sup>6</sup>, the recovery of the construction materials industry has been sluggish, although with a positive outlook in the medium term. Year-to-date sales were 2% higher than in the same period last year, driven by revenue growth in September reflecting significant performance in the retail segment, though sales in real estate and infrastructure construction remain weak.

**Construction material revenue, not adjusted for inflation (ABRAMAT)**



On the other hand, data from ANAMACO<sup>7</sup> show that sales at construction material stores grew 3.5% year to date compared to 2018, again with a highlight for September 2019, with a 9% increase compared to the same period last year, reflecting the initial effects of the reduction in the SELIC interest rate and the release of FGTS funds for immediate withdrawal.

## Management Comments

The operational performance in 3Q19 was marked by: (i) continuous progress of the fiber-cement manufacturing process overcoming the difficulties caused by technology migration in 2018; (ii) record production of polypropylene fiber; and (iii) the 3.5% growth in bathroom chinaware sales.

Moreover, 3Q19 witnessed the following significant events:

- (i) Launch of photovoltaic concrete roofing tiles at the Intersolar Fair in August in line with the Company's portfolio diversification strategy.
- (ii) On September 20, 2019, the Board of Directors partially ratified a Capital Increase, pursuant to the court-supervised reorganization plan, allocating the funds to settle a portion of dues owed to Labor Creditors (Class I).
- (iii) The Company accounted 100% of CSC in its consolidated results
- (iv) Accounting of the effects of the court-supervised reorganization plan.

<sup>1</sup> IBGE: Continuous Pnad – National Household Sample Survey of 10/31/2019

<sup>2</sup> IBGE: Monthly Survey of Trade (PMC) dated July/2019

<sup>3</sup> BACEN - Focus market readout issued by the Central Bank of Brazil of 11/11/2019

<sup>4</sup> IBGE: Brazilian Geography and Statistics Institute – Monthly Survey of Industry – Physical Production (PIM-PF) of 11/1/2019

<sup>5</sup> BACEN: Inflation report of September 2019.

<sup>6</sup> ABRAMAT: Brazilian Construction Materials Industry Association – 10/10/2019

<sup>7</sup> ANAMACO: National Association of Construction Material Dealers



Thus, Eternit’s consolidated results in 2019 present significant changes from the same period in 2018: (i) suspension of SAMA operations; and (ii) accounting of CSC results.

Eternit remains focused on optimizing its fiber-cement roofing panels production process, generating margins that ensure business sustainability, the fulfillment of the CSR plan, especially the Company’s equity restructuring through the divestment of its non-core assets, and in diversifying its product line, with the focus on developing construction systems (wall and cement cladding panels).

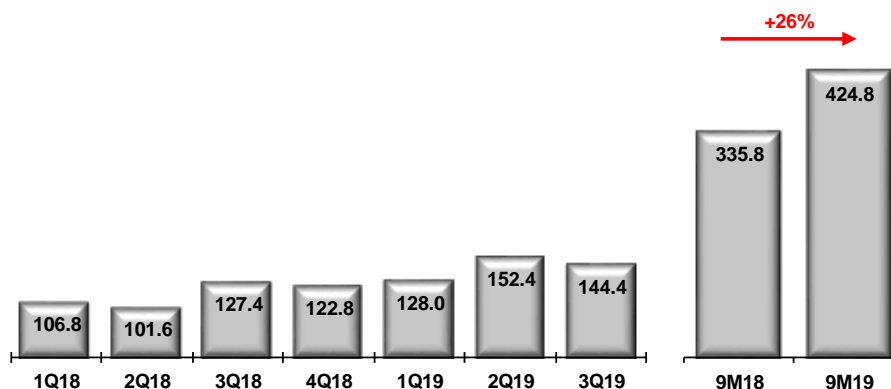
## Operational and Financial Aspects

### Sales

#### Fiber-cement roofing panels

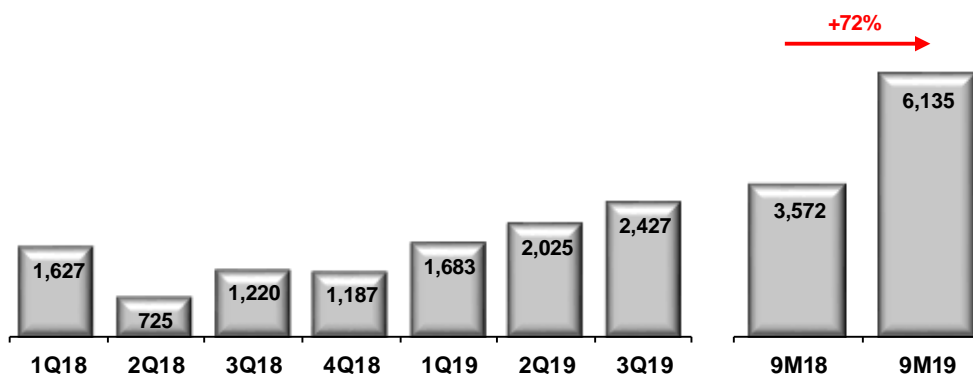
The units of fiber-cement roofing panels presented a good operational performance, allowing the recovering its market share in this segment. Roofing panel sales grew 13% in 3Q19 compared to the same period last year and 26% in 9M19. The country’s Northern and Southern regions registered growth of more than 60%, despite modest economic and construction recovery.

Sales of Fiber-cement (thous. Tons.)



The 3<sup>rd</sup> quarter was also marked by the continuous growth in polypropylene fibers production at the Manaus unit, reaching the plant’s production record ever, totaling 2,427 tons, due to captive demand in the fiber-cement business. Year-to-date growth was 72% in relation to 2018.

Polypropylene fibers production (Tons.)



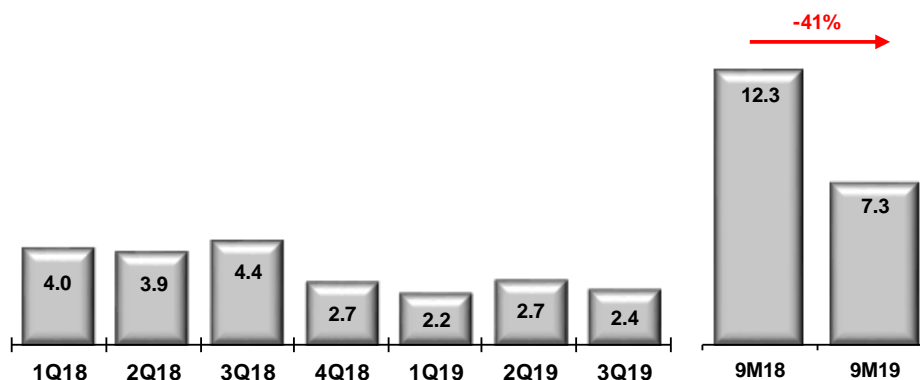


### Concrete Roofing Tiles

Sales volume in 3Q19 was down 45% from 3Q18, mainly due to weaker demand from the My House, My Life (“MHML”) segment, in line with the scenario envisaged by ABRAMAT. As such, the Company maintains its sales strategy focused on specialized resellers and the B2C channel.

Sales volume of concrete roofing tiles in 9M19 declined 41% in relation to 9M18.

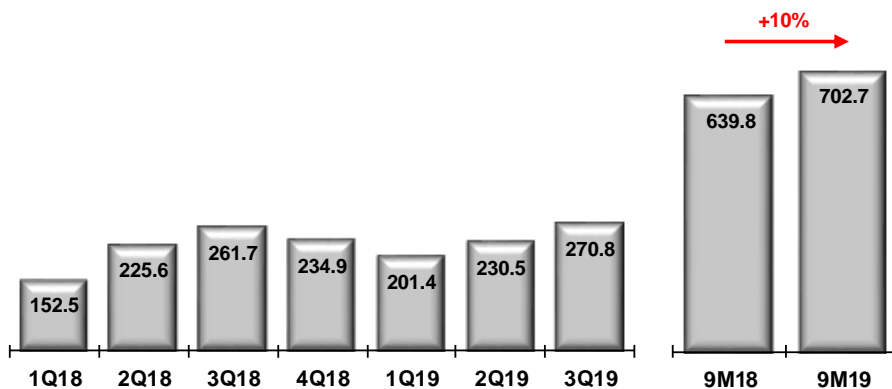
Sales of Concrete Roofing Tiles (million pieces)



### Bathroom Chinaware

Bathroom chinaware sales were up 3.5% in 3Q19 vs. 3Q18 and 10% in 9M19, led by Brazil’s Northern and Northeastern regions, which registered growth of over 20% in 9M19 compared to 9M18.

Sales (thousand pieces)



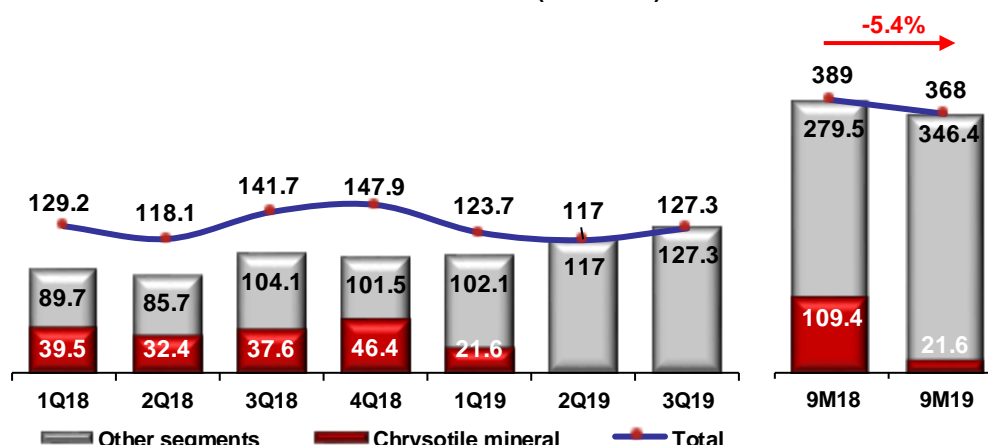
### Net Revenue

Eternit’s consolidated results in 9M19 present significant changes in relation to the same period in 2018, as follows: (i) suspension of SAMA operations; and (ii) accounting of CSC results.

With this caveat once again, revenue totaled R\$127.3 million in the quarter, down 10.2% from 3Q18. In 9M19, net revenue fell 5.4% from the same period in 2018.

# Eternit

## Consolidated Net Revenue (R\$ million)



### Costs of Goods and Products Sold

Costs of goods and products sold totaled R\$114.6 million in 3Q19, down 6.2% than in 3Q18. In 9M19, costs totaled R\$325.5 million, up 3.7% from 9M18. Gross margin in the period was 12%, 7 p.p. down from 2018.

R\$ '000	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
Net Revenue	127,294	141,681	(10.2)	117,005	8.8	367,979	389,023	(5.4)
<b>Cost of goods sold</b>	<b>(114,654)</b>	<b>(122,207)</b>	<b>(6.2)</b>	<b>(107,239)</b>	<b>6.9</b>	<b>(325,546)</b>	<b>(314,041)</b>	<b>3.7</b>
Gross profit (loss)	12,640	19,474	(35.1)	9,766	-	42,433	74,982	(43.4)
Gross Margin	10%	14%	- 4 p.p.	8%	2.0	12%	19%	- 7 p.p.

### Operating Expenses

Operating expenses made a positive contribution of R\$18.3 million in 3Q19 due to the delivery of plant, property and equipment amounting to R\$40.4 million as payment to creditors, which was booked under Other Operating Income (Expenses). In addition, general and administrative expenses fell 16% and selling expenses fell 25%, particularly due to the suspension of SAMA operations.

In the year, operating expenses amounted to R\$48.5 million, with Selling Expenses declining R\$11.9 million and General and Administrative Expenses declining R\$11.7 million from 9M18.

In R\$ '000	3Q19	3Q18	Chg. %	2Q19	Chg. %	9M19	9M18	Chg. %
Selling expenses	(13,033)	(17,434)	(25.2)	(13,243)	(1.6)	(40,002)	(51,888)	(22.9)
General and administrative expenses*	(18,190)	(21,577)	(15.7)	(13,752)	32.3	(49,689)	(61,429)	(19.1)
Other operating revenues (expenses), net	49,553	(4,853)	-	(3,050)	-	41,218	(10,521)	-
<b>Total operating expenses</b>	<b>18,330</b>	<b>(43,864)</b>	<b>-</b>	<b>(30,045)</b>	<b>-</b>	<b>(48,473)</b>	<b>(123,838)</b>	<b>(60.9)</b>

### Business Combination – Acquisition of Companhia Sulamericana de Cerâmica

In 3Q19, the Eternit Group booked the business combination resulting from the acquisition of Companhia Sulamericana de Cerâmica S.A. – under Court-Supervised Reorganization (“CSC”), which now consolidates 100% of this company's results.

### Net Financial Result

Net financial result was an income of R\$15.5 million in 3Q19, due to the booking of discounts in debts in the court-supervised reorganization plan (haircut) under Financial Income. In 9M19, net financial result was an income of R\$6.2 million.

In R\$ '000	3Q19	3Q18	Chg. %	2Q19	Chg. %	9M19	9M18	Chg. %
Financial expenses	(16,273)	(13,145)	23.8	(3,971)	309.8	(23,869)	(22,635)	5.5
installment tax interest	991	-	-	(602)	-	(1,844)	-	-
Financial income	23,461	982	2,289.1	493	4,658.8	24,954	3,371	640.3
Exchange variation	7,309	2,685	172.2	(170)	-	6,951	1,526	355.5
<b>Net financial result</b>	<b>15,488</b>	<b>(9,478)</b>	<b>-</b>	<b>(4,250)</b>	<b>-</b>	<b>6,192</b>	<b>(17,738)</b>	<b>-</b>

# Eternit

## EBITDA

The EBITDA posted a positive result of R\$66.6 million in 3Q19 mainly due to capital gains resulting from property, plant and equipment given in payment.

Reconciliation of consolidated EBITDA - (R\$'000)	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
<b>Net Income (loss)</b>	<b>35,660</b>	<b>(43,107)</b>	-	<b>(29,534)</b>	-	<b>(19,338)</b>	<b>(89,021)</b>	<b>(78.3)</b>
Income tax and social contributions	31,227	4,266	632.0	244	12,698.0	32,143	8,402	282.6
Net financial Income	(15,488)	9,478	-	4,250	(464.4)	(6,192)	17,738	-
Depreciation and amortization	15,186	4,003	279.4	3,892	290.2	22,799	9,284	145.6
<b>EBITDA<sup>1</sup></b>	<b>66,585</b>	<b>(25,360)</b>	-	<b>(21,148)</b>	-	<b>29,412</b>	<b>(53,597)</b>	-
<i>EBITDA Margin</i>	<i>52%</i>	<i>-18%</i>	<i>70 p.p.</i>	<i>-18%</i>	<i>70 p.p.</i>	<i>8%</i>	<i>-14%</i>	<i>22 p.p.</i>

<sup>1</sup> Consolidated EBITDA includes the results from the joint venture Companhia Sulamericana de Cerâmica (CSC), until 2Q19, in accordance with the equity method of accounting and non-recurring events, in compliance with Instruction 527 of October 04, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

## Net Income (Loss)

In the period, Eternit posted net income of R\$35.7 million, which resulted in negative equity of R\$2.3 million at the end of the quarter, accounting for the positive impact from property, plant and equipment given in payment and the haircut of the bankruptcy related-debt. Net loss in 9M19 was R\$19.3 million compared to loss of R\$89 million in the same period last year.

Consolidated Net Income (loss) for the year (R\$'000)	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
<b>Net Income (loss)</b>	<b>35,660</b>	<b>(43,107)</b>	-	<b>(29,534)</b>	-	<b>(19,338)</b>	<b>(89,021)</b>	<b>(78.3)</b>
<i>Net Margin</i>	<i>28%</i>	<i>-30%</i>	<i>58 p.p.</i>	<i>-25%</i>	<i>53 p.p.</i>	<i>-5%</i>	<i>-23%</i>	<i>18 p.p.</i>

## Bank Debt

Eternit ended September 30, 2019, with gross bank debt of R\$108.8 million, which includes trade finance lines to finance the Company's working capital and installments of bankruptcy-related debt owed to banks.

DEBT - R\$ '000	09/30/19	12/31/18	% Chg.	06/30/19	% Chg.
Short-term gross debt	50,379	98,824	-49.0%	46,791	7.7%
Long-term gross debt	58,419	32,101	82.0%	77,789	-24.9%
<b>Total gross debt</b>	<b>108,798</b>	<b>130,925</b>	<b>-16.9%</b>	<b>124,580</b>	<b>-12.7%</b>
(-) Cash and cash equivalents	10,475	9,181	14.1%	5,691	84.1%
<b>(-) Cash and short-term investments</b>	<b>10,475</b>	<b>9,181</b>	<b>14.1%</b>	<b>5,691</b>	<b>84.1%</b>
<b>Net debt</b>	<b>98,323</b>	<b>121,744</b>	<b>-19.2%</b>	<b>118,889</b>	<b>-17.3%</b>

The bank debt profile on September 30, 2019 was 100% denominated in local currency.

## Bankruptcy-related debt

Bankruptcy-related debt consists of labor dues (Class I), bank loans with security interest (Class II), unsecured loans (Class III), involving bank loans and dues to suppliers, and dues to micro and small companies (Class IV), recorded under diverse Balance Sheet lines. Following the haircut and the property, plant and equipment given in payment, bankruptcy-related debt totaled R\$144.4 million and US\$1.1 million (that corresponds to R\$4.5 million) in September 2019.

Classes	Balance Approved in CSR Plan	Discounts Obtained	New Authorized Debts	Payments made/ Assets given in payment	Final Balance
<b>Class I - Labor Creditors – R\$ thousand</b>	6,466		181	(73)	6,574
<b>Class II - Creditors with Security Interest – R\$ thousand</b>	36,225		777		37,002
<b>Class III - Unsecured Creditors</b>					
Option A – R\$ thousand	107,672	(17,314)	-	(40,400)	49,958
Option A – US\$ thousand	953	-	(797)	-	156
Option B – R\$ thousand	87,208	(40,019)	-	-	47,189
Option B – US\$ thousand	1,696	(763)	-	-	933
<b>Class IV - Micro and Small Company Creditors – R\$ thousand</b>	4,612		80		4,692
<b>Total – R\$ mil</b>	<b>242,183</b>	<b>(57,333)</b>	<b>1,038</b>	<b>(40,473)</b>	<b>144,415</b>
<b>Total – US\$ mil</b>	<b>2,649</b>	<b>(763)</b>	<b>(797)</b>	<b>-</b>	<b>1,089</b>



## Capex

Capex of Eternit and its subsidiaries in 3Q19 totaled R\$3.2 million and R\$5.3 million in 9M19, mainly 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 dispersed stock ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high share of individual investors, who accounted for 72% of the shareholder base on September 30, 2019, while clubs, investment funds and foundations accounted for 26% and foreign investors 2%. On the same date, only four shareholders held more than 5% interest in the capital stock, with an aggregate interest of 40% of total outstanding shares.

Eternit stock ended 3Q19 quoted at R\$2.89/share, resulting in a market cap of R\$91.8 million. Visit the Company's [IR](#) website for more information.

## Capital Increase

On July 16, 2019, the Board of Directors approved the Capital Increase within the authorized capital, for private subscription, guaranteeing the preemptive rights of the Company's shareholders to the new shares, as set forth in paragraph 1 of article 5 of the Bylaws.

The Capital Increase was to strictly comply with the Court-Supervised Reorganization Plan ("CSR") duly approved by the General Creditors' Meeting and ratified by the competent courts.

The Capital Increase amount approved was at least R\$3,105,812.16 ("Minimum Subscription"), and at most R\$5,600,000.61 ("Maximum Subscription"), through the private issue of at least 1,278,112 and at most 2,304,527 registered common shares without par value, at the issue price of R\$2.43 per share.

During the period for exercising preemptive rights, 414,655 new common shares were subscribed to and the total subscribed and paid-up amount was R\$1,007,611.65. During the period for subscription to unsubscribed shares, 1,527,847 common shares were subscribed to for a total subscription amount of R\$3,712,668.21. After the end of the period for subscribing to unsubscribed shares, a total of 1,906 shares were withdrawn, corresponding to R\$4,631.58.

After calculating the results of shares subscribed to during the periods for exercising preemptive rights, subscribing to unsubscribed shares and for withdrawing, the final result of the Capital Increase was a private subscription of 1,940,596 common shares at the issue price of R\$2.43, totaling R\$4,715,648.28. As such, the minimum subscription amount was achieved. Thus, the Board of Directors approved, on September 20, 2019, the partial ratification of the Capital Increase, which resulted in the issue of these new shares and the cancellation of unsubscribed shares.

The new shares have the same characteristics and conditions, as well as the same rights and benefits pursuant to the Bylaws, currently and in the future, to the common shares of the Company, and are fully entitled to any dividends and interest on equity that may be approved by the Company.

Due to the ratification of the Capital Increase, the Company's capital stock is now R\$338,966,879.68, divided into 31,773,929 registered common shares without par value, thereby requiring the amendment of the Company's Bylaws at the next Shareholders Meeting.

## Court-Supervised Reorganization

In 3Q19, according to the Notice to Shareholders published on September 11, 2019, as established in the Court-Supervised Reorganization Plan ratified on June 11, 2019, the Company increased its capital to settle a portion of dues owed to Labor Creditors (Class I).

## Launch of photovoltaic roofing tiles

As per the Material Fact published on August 26, 2019, Eternit informed the market about the launch of photovoltaic concrete roofing tiles, which are approved by the Metrology, Quality and Technology Institute (Inmetro), in line with its portfolio diversification strategy.



## **Events Subsequent to the Reporting Period**

### **Court-Supervised Reorganization – Payment of Labor Creditors (Class I)**

On October 15, 2019, payments were made to Class I creditors, made up of labor creditors, as established in the Court-Supervised Reorganization Process.





## ETERNIT S.A. – under Court-Supervised Reorganization

### Balance Sheet

Corporate Law (R\$ '000)

ASSETS	Parent Company		Consolidated	
	09/30/19	12/31/18	09/30/19	12/31/18
<b>Current</b>	<b>149,207</b>	<b>141,012</b>	<b>240,779</b>	<b>270,001</b>
Cash and cash equivalents	4,852	6,438	10,475	9,181
Accounts receivable	52,537	46,514	63,744	125,247
Inventories	75,580	67,429	106,057	90,566
Taxes recoverable	2,306	3,188	21,231	14,026
Related parties	4,255	8,830	-	1,764
Other current assets	8,881	7,817	27,521	21,911
Noncurrent assets held for sale	796	796	11,751	7,306
<b>Non-current</b>	<b>330,164</b>	<b>268,813</b>	<b>329,605</b>	<b>299,135</b>
Judicial deposits	13,367	7,658	23,781	15,823
Taxes recoverable	25,030	24,792	40,887	39,650
Deferred income and social contribution taxes	24,596	25,468	23,947	40,095
Related parties	100,804	26,140	-	16,945
Other noncurrent assets	788	772	2,244	1,638
Investments	143,019	159,956	-	57,187
Right-of-use assets	-	-	10,692	-
Property, Plant and Equipment (PP&E)	22,204	23,636	227,061	126,954
Intangible assets	356	391	993	843
<b>Total assets</b>	<b>479,371</b>	<b>409,825</b>	<b>570,384</b>	<b>569,136</b>

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	09/30/19	12/31/18	09/30/19	12/31/18
<b>Current liabilities</b>	<b>280,259</b>	<b>173,159</b>	<b>219,500</b>	<b>235,898</b>
Trade accounts payable	38,907	23,730	67,280	38,492
Loans and financing	38,869	59,003	50,379	98,824
Related parties	147,626	27,992	-	91
Personnel expenses	14,275	11,537	20,082	19,872
Dividends and interest on equity	-	23	-	23
Provision for post-employment benefits	3,269	3,269	6,515	6,515
Taxes, charges and contributions payable	14,030	13,318	40,874	23,227
Restructuring provision	129	307	167	345
Lease obligations	-	-	1,520	-
Client receipt in advance	2,603	4,832	3,763	5,850
Other current liabilities	20,551	29,148	28,920	42,659
<b>Non-Current</b>	<b>201,508</b>	<b>224,439</b>	<b>353,187</b>	<b>320,988</b>
Loans and financing	9,327	-	58,419	32,101
Related parties	51,561	59,779	-	-
Taxes, charges and contributions payable	18,122	19,356	28,805	32,541
Labor obligations	7,409	8,646	9,961	14,110
Lease liabilities	-	-	9,172	-
Provision for tax, civil and labor risks	68,220	67,218	121,013	114,353
Provision for post-employment benefits	39,673	39,387	77,261	76,790
Provision for decommissioning of mine	-	-	6,623	21,040
Investment loss provision	7,196	30,053	-	30,053
Other non-current liabilities	-	-	41,933	-
<b>Equity</b>	<b>(2,396)</b>	<b>12,227</b>	<b>(2,303)</b>	<b>12,250</b>
Capital	338,967	334,251	338,967	334,251
Capital reserve	19,437	19,437	19,437	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(326,602)	(307,264)	(326,602)	(307,264)
Other comprehensive income	(34,024)	(34,023)	(34,024)	(34,023)
<b>Equity attributable to controlling interests</b>	<b>(2,396)</b>	<b>12,227</b>	<b>(2,396)</b>	<b>12,227</b>
Noncontrolling interests	-	-	93	23
<b>Total liabilities and equity</b>	<b>479,371</b>	<b>409,825</b>	<b>570,384</b>	<b>569,136</b>


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

Corporate Law

R\$ '000	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
<b>Net revenue</b>	<b>104,738</b>	<b>83,743</b>	<b>25.1</b>	<b>112,002</b>	<b>(6.5)</b>	<b>310,883</b>	<b>227,655</b>	<b>36.6</b>
Cost of goods sold	(87,755)	(85,285)	2.9	(100,362)	(12.6)	(272,538)	(216,548)	25.9
<b>Gross profit (loss)</b>	<b>16,983</b>	<b>(1,542)</b>	<b>-</b>	<b>11,640</b>	<b>45.9</b>	<b>38,345</b>	<b>11,107</b>	<b>245.2</b>
<i>Gross margin</i>	<i>16%</i>	<i>-2%</i>	<i>18 p.p.</i>	<i>10%</i>	<i>6 p.p.</i>	<i>12%</i>	<i>5%</i>	<i>7 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>(17,536)</b>	<b>(24,749)</b>	<b>(29.1)</b>	<b>(22,608)</b>	<b>(22.4)</b>	<b>(60,731)</b>	<b>(77,930)</b>	<b>(22.1)</b>
Selling expenses	(9,893)	(9,040)	9.4	(9,274)	6.7	(27,061)	(26,483)	2.2
General and administrative expenses <sup>2</sup>	(12,219)	(11,150)	9.6	(9,341)	30.8	(30,284)	(36,185)	(16.3)
Other operating income (expenses), net	4,576	(4,559)	-	(3,993)	-	(3,386)	(15,262)	(77.8)
<b>Operating income (expenses) before equity pickup (EBIT)</b>	<b>(553)</b>	<b>(26,291)</b>	<b>(97.9)</b>	<b>(10,968)</b>	<b>(95.0)</b>	<b>(22,386)</b>	<b>(66,823)</b>	<b>(66.5)</b>
<i>EBIT margin</i>	<i>-1%</i>	<i>-31%</i>	<i>30 p.p.</i>	<i>-10%</i>	<i>9 p.p.</i>	<i>-7%</i>	<i>-29%</i>	<i>22 p.p.</i>
Equity pickup	26,214	(6,984)	-	(14,531)	-	2,338	(7,032)	-
Remeasurement of Investment – business combination - CSC	2,566	-	-	-	-	2,566	-	-
Provision for restructuring and desmobilization	(57)	(881)	(93.5)	(148)	(61.5)	(395)	(1,208)	(67.3)
Financial income (expenses), net	8,369	(8,951)	-	(3,886)	-	(588)	(13,958)	(95.8)
<b>Income (loss) before income and social contribution taxes</b>	<b>36,539</b>	<b>(43,107)</b>	<b>-</b>	<b>(29,533)</b>	<b>-</b>	<b>(18,465)</b>	<b>(89,021)</b>	<b>(79.3)</b>
Deferred (loss) income and social contributions taxes	(873)	-	-	-	-	(873)	-	-
<b>Net income (loss) for the year</b>	<b>35,666</b>	<b>(43,107)</b>	<b>-</b>	<b>(29,533)</b>	<b>-</b>	<b>(19,338)</b>	<b>(89,021)</b>	<b>(78.3)</b>
<i>Net margin</i>	<i>34%</i>	<i>-51%</i>	<i>85 p.p.</i>	<i>-26%</i>	<i>60 p.p.</i>	<i>-6%</i>	<i>-39%</i>	<i>33 p.p.</i>
<b>EBITDA</b>	<b>29,688</b>	<b>(33,165)</b>	<b>-</b>	<b>(24,046)</b>	<b>-</b>	<b>(13,451)</b>	<b>(73,056)</b>	<b>(81.6)</b>
<i>EBITDA margin</i>	<i>28%</i>	<i>-40%</i>	<i>68 p.p.</i>	<i>-21%</i>	<i>49 p.p.</i>	<i>-4%</i>	<i>-32%</i>	<i>28 p.p.</i>

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

Corporate Law

R\$ '000	3Q19	3Q18	% Chg.	2Q19	% Chg.	9M19	9M18	% Chg.
<b>Gross revenues</b>	<b>167,227</b>	<b>174,365</b>	<b>(4.1)</b>	<b>155,129</b>	<b>7.8</b>	<b>478,995</b>	<b>485,179</b>	<b>(1.3)</b>
Gross revenues deductions	(39,933)	(32,684)	22.2	(38,124)	4.7	(111,016)	(96,156)	15.5
<b>Net revenue</b>	<b>127,294</b>	<b>141,681</b>	<b>(10.2)</b>	<b>117,005</b>	<b>8.8</b>	<b>367,979</b>	<b>389,023</b>	<b>(5.4)</b>
Cost of goods sold	(114,654)	(122,207)	(6.2)	(107,239)	6.9	(325,546)	(314,041)	3.7
<b>Gross profit (loss)</b>	<b>12,640</b>	<b>19,474</b>	<b>(35.1)</b>	<b>9,766</b>	<b>29.4</b>	<b>42,433</b>	<b>74,982</b>	<b>(43.4)</b>
<i>Gross margin</i>	<i>10%</i>	<i>14%</i>	<i>-4 p.p.</i>	<i>8%</i>	<i>2 p.p.</i>	<i>12%</i>	<i>19%</i>	<i>-7 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>18,330</b>	<b>(43,864)</b>	<b>-</b>	<b>(30,045)</b>	<b>-</b>	<b>(48,473)</b>	<b>(123,838)</b>	<b>(60.9)</b>
Selling expenses	(13,033)	(17,434)	(25.2)	(13,243)	(1.6)	(40,002)	(51,888)	(22.9)
General and administrative expenses <sup>2</sup>	(18,190)	(21,577)	(15.7)	(13,752)	32.3	(49,689)	(61,429)	(19.1)
Other operating income (expenses), net	49,553	(4,853)	-	(3,050)	-	41,218	(10,521)	-
<b>Operating income (expenses) before equity pickup (EBIT)</b>	<b>30,970</b>	<b>(24,390)</b>	<b>-</b>	<b>(20,279)</b>	<b>-</b>	<b>(6,040)</b>	<b>(48,856)</b>	<b>(87.6)</b>
<i>EBIT margin</i>	<i>24%</i>	<i>-17%</i>	<i>41 p.p.</i>	<i>-17%</i>	<i>41 p.p.</i>	<i>-2%</i>	<i>-13%</i>	<i>11 p.p.</i>
Equity pickup	18,204	(4,083)	-	(4,613)	-	10,766	(12,809)	-
Remeasurement of Investment – business combination - CSC	2,562	-	-	-	-	-	-	-
Provision for restructuring and desmobilization	(337)	(890)	(62.1)	(148)	127.7	(675)	(1,216)	(44.5)
<b>Operating income (expenses) before financial expenses (EBIT*)</b>	<b>51,399</b>	<b>(29,363)</b>	<b>-</b>	<b>(25,040)</b>	<b>-</b>	<b>4,051</b>	<b>(62,881)</b>	<b>-</b>
Financial income (expenses), net	15,488	(9,478)	-	(4,250)	-	6,192	(17,738)	-
<b>Income (loss) before income and social contribution taxes</b>	<b>66,887</b>	<b>(38,841)</b>	<b>-</b>	<b>(29,290)</b>	<b>-</b>	<b>12,805</b>	<b>(80,619)</b>	<b>-</b>
Current (loss) income and social contributions taxes	(15,961)	(4,517)	253.4	(236)	6,663.1	(16,505)	(6,860)	140.6
Deferred (loss) income and social contributions taxes	(15,266)	251	-	(8)	190,725.0	(15,638)	(1,542)	914.1
<b>Net income (loss) for the period</b>	<b>35,660</b>	<b>(43,107)</b>	<b>-</b>	<b>(29,534)</b>	<b>-</b>	<b>(19,338)</b>	<b>(89,021)</b>	<b>(78.3)</b>
<i>Net margin</i>	<i>28%</i>	<i>-30%</i>	<i>58 p.p.</i>	<i>-25%</i>	<i>53 p.p.</i>	<i>-5%</i>	<i>-23%</i>	<i>18 p.p.</i>
Earnings (loss) per share, basic and diluted - R\$	1.1226	(0.2409)	-	(0.9903)	-	(0.6484)	(0.4975)	-
<b>EBITDA</b>	<b>66,585</b>	<b>(25,360)</b>	<b>-</b>	<b>(21,148)</b>	<b>-</b>	<b>29,412</b>	<b>(53,597)</b>	<b>-</b>
<i>EBITDA margin</i>	<i>52%</i>	<i>-18%</i>	<i>70 p.p.</i>	<i>-18%</i>	<i>70 p.p.</i>	<i>8%</i>	<i>-14%</i>	<i>22 p.p.</i>

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

<sup>1</sup> It does not include equity pickup, presented separately from total operating income (expenses)<sup>2</sup> Includes Management Compensation.


**ETERNIT S.A. – under Court-Supervised Reorganization**
**STATEMENTS OF CASH FLOW**

Corporate Law

R\$ '000 - Accumulated	Parent Company		Consolidated	
	09/30/19	09/30/18	09/30/19	09/30/18
<b>Cash flows from operating activities</b>				
<b>Loss (income) before income and social contribution taxes</b>	<b>(18,465)</b>	<b>(89,021)</b>	<b>12,803</b>	<b>(80,619)</b>
<b>Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:</b>				
Equity pickup	14,654	7,032	-	12,809
Remeasurement of Investment	(20,180)	-	(10,766)	-
Depreciation and amortization	4,425	2,007	22,799	9,284
Gain (loss) on disposal of property, plant and equipment and intangible assets	-	(716)	3,215	(712)
Write-off of judicial deposits	-	16	-	(12)
Allowance for doubtful accounts	773	1,658	797	2,151
Provision for impairment of net realizable value	(1,322)	3,341	(882)	4,662
Estimated impairment losses	-	-	-	-
Provision for tax, civil and labor risks	(15)	13,417	5,559	16,022
Provision for post-employment benefits	-	2,939	-	4,847
Provision for decommissioning of mine	-	-	(14,417)	1,088
Provision for restructuring	-	1,207	(178)	1,216
Provision for granting	(91)	(147)	(158)	(156)
Loss on disposal of investments	-	14	-	-
Financial charges, and monetary and exchange variations	4,892	2,554	6,747	12,297
Short-term investment yield	-	(31)	-	(343)
Net changes in prepaid expenses	-	4,713	-	6,986
Property, plant and equipment given in payment	(16,500)	-	(40,400)	-
Discount in debt - Court-supervised reorganization	(12,757)	-	(23,000)	-
	<b>(44,586)</b>	<b>(51,017)</b>	<b>(37,881)</b>	<b>(10,480)</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts receivable	(6,796)	5,069	70,513	21,894
Related parties	(70,089)	(20,491)	18,709	(2,488)
Inventories	(6,829)	(7,669)	653	(3,596)
Taxes recoverable	644	4,538	6,539	(2,486)
Judicial deposits	(5,709)	(1,040)	(7,958)	(1,222)
Other assets	(1,080)	(10,875)	1,617	(25,961)
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	15,177	6,245	24,491	16,689
Related parties	111,416	28,578	(6,117)	2
Taxes, charges and contributions payable	(522)	21,079	5,895	26,202
Personnel expenses	1,501	12,477	(6,487)	19,559
Post-employment benefits	286	(2,195)	471	(3,653)
Restructuring expenses	(178)	(1,207)	-	(2,974)
Client receipt in advance	(2,229)	-	(2,087)	-
Other liabilities	(3,002)	619	(11,972)	5,577
<b>Cash provided by operating activities</b>	<b>(11,996)</b>	<b>(15,889)</b>	<b>56,386</b>	<b>37,063</b>
Interest paid	(1,357)	(371)	(1,357)	(1,756)
Income and social contribution taxes paid	-	-	(15,924)	(3,613)
<b>Net cash provided by operating activities</b>	<b>(13,353)</b>	<b>(16,260)</b>	<b>39,105</b>	<b>31,694</b>
<b>Cash flow from investing activities</b>				
Intercompanies loans	-	(2,311)	-	(2,010)
Amount received on disposal of PP&E items	-	801	-	836
Additions to PP&E and intangible assets	(2,958)	(4,600)	(5,481)	(4,973)
Business combination	-	-	1,537	-
Additions to investments	-	(14,329)	-	(14,329)
Short-term investments	-	(6,300)	-	(58,220)
Redemption of short-term investments	-	9,174	-	80,401
<b>Net cash used in investing activities</b>	<b>(2,958)</b>	<b>(17,565)</b>	<b>(3,944)</b>	<b>1,705</b>
<b>Cash flows from financing activities</b>				
Loans and financing raised	142,605	17,791	91,889	107,432
Repayment of loans and financing	(132,573)	(840)	(130,449)	(124,237)
Dividends	(23)	-	(23)	-
Intercompanies loans	-	50,500	-	-
Repayment of intercompanies loans	-	(22,737)	-	-
Increase in capital stock	4,716	-	4,716	-
<b>Net cash used in financing activities</b>	<b>14,725</b>	<b>44,714</b>	<b>(33,867)</b>	<b>(16,805)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(1,586)</b>	<b>10,889</b>	<b>1,294</b>	<b>16,594</b>
At beginning of period	6,438	4,922	9,181	6,957
At end of period	4,852	15,811	10,475	23,551
<b>Decrease (Increase) in cash and cash equivalents</b>	<b>(1,586)</b>	<b>10,889</b>	<b>1,294</b>	<b>16,594</b>