

# Eternit



**Conference Call – Earning Results 3Q14 – 11/07/2014**

## Disclaimer

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

## Highlights of 3Q14 (when compared to 3Q13)

- Economic Figures registered variations of:
  - ✓ GDP Brazil<sup>1</sup>: 0.24%
  - ✓ GDP for construction sector<sup>1</sup>: -5.1%
  - ✓ ABRAMAT<sup>2</sup>: -6.5%
  - ✓ Eternit<sup>3</sup>: 2.9%
- Variation on sales volume in the segments below:
  - ✓ Chrysotile mineral: -1.0%
  - ✓ Fiber-cement: 7.5%
  - ✓ Concrete tiles: -10.9%
- Consolidated Net Revenue amounted to R\$ 250.3 million, virtually stable;
- EBTIDA lowered 15.1%, reaching R\$ 41.9 million;
- Net income totaled R\$ 20.3 million, decreasing 28.4%;
- Recognitions in the IR, HR and Commercial areas;
- R\$ 71.6 million in earnings distributed and Dividend Yield at 9.2% in the year.






<sup>1</sup> Projected growth for Brazil GDP and construction GDP in 2014. (Source: BACEN)

<sup>2</sup> Variation in the 9M14vs9M13 corrected for inflation in accordance with the INCC-M indicator.

<sup>3</sup> Growth of the consolidated gross revenue in the 9M14vs9M13 corrected for inflation in accordance with the IGP-M index.

## Eternit Group

### The largest and most diversified roof coverings industry in Brazil

					
<b>Activity</b>	Manufacture of fiber-cement and construction solutions and commercialization of metal fixtures		Chrysotile Mining	Manufacture of concrete tiles	Manufacture of bathroom chinaware
<b>Industrial Units</b>	4	1	1	6	1
<b>Market Share – 2013</b>	Leader in fiber-cement – 31% of Market Share		The world's 3 <sup>rd</sup> largest – 15% of Market Share	Leader in concrete tiles – 30% of Market Share	5 <sup>th</sup> largest of Brazil in sanitary ware
<b>Annual Capacity</b>	1 million tons / fiber cement		300 thousand tons	10 million m <sup>2</sup>	1.5 million pieces
<b>Capacity Used – 3Q14</b>	Fiber cement – around 90%		100%	Around 50%	Ramp-up period



# Eternit



**Operational Performance**

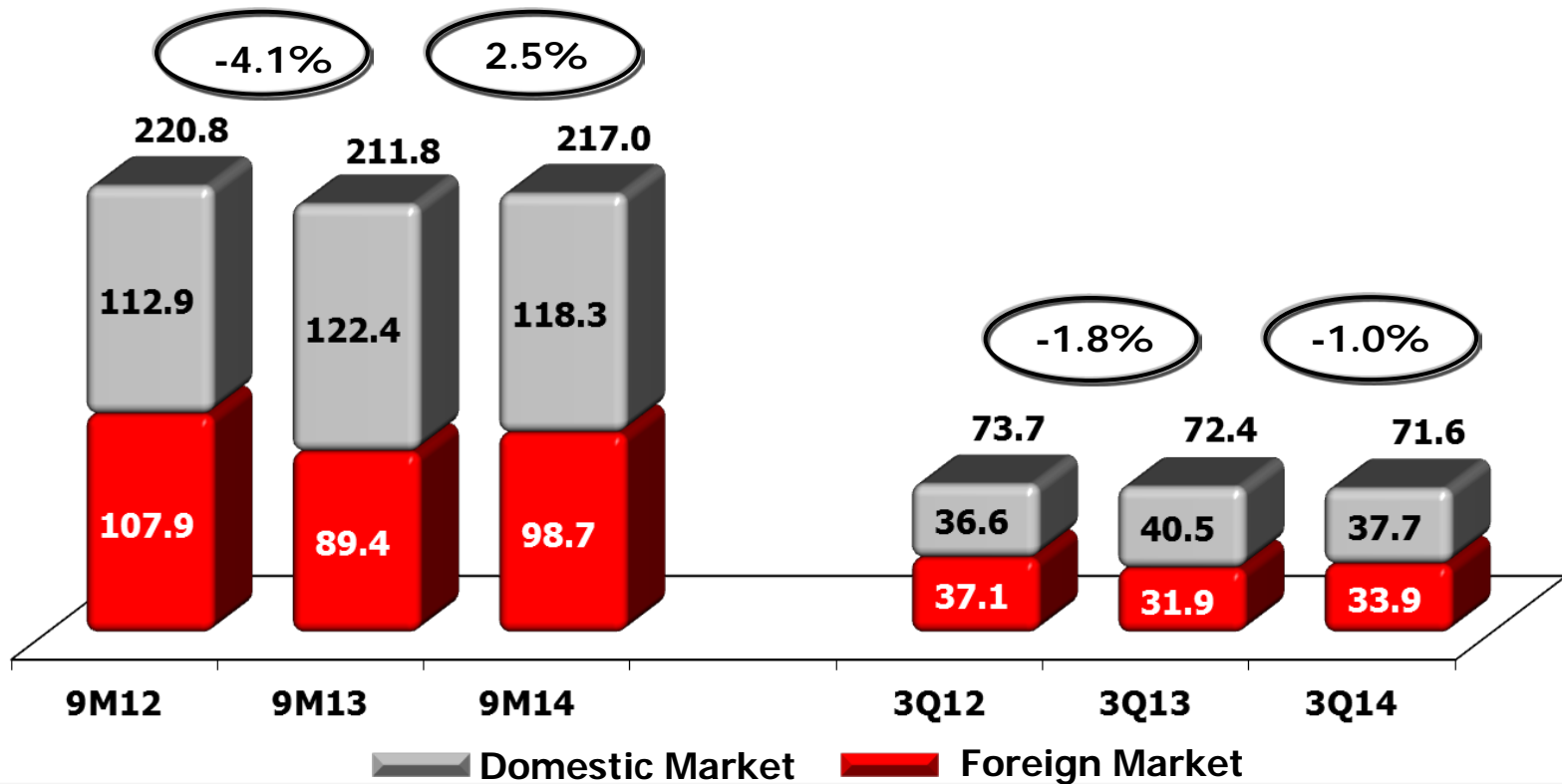
## Sales of Chrysotile Mineral (thous. tons)

9M14 x 9M13

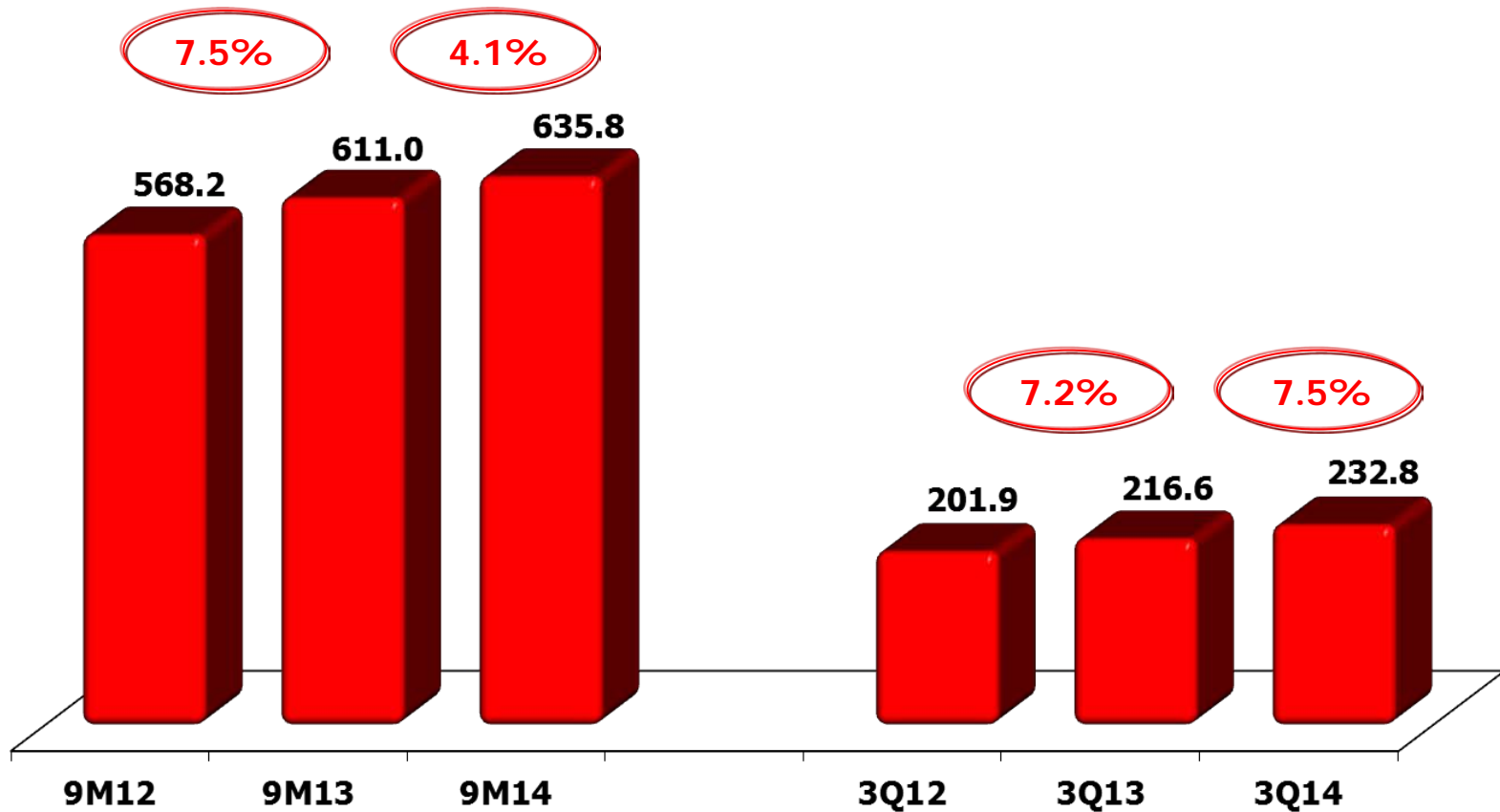
- Domestic Market – decrease of 3.4%
- Foreign Market – increase of 10.6%

3Q14 x 3Q13

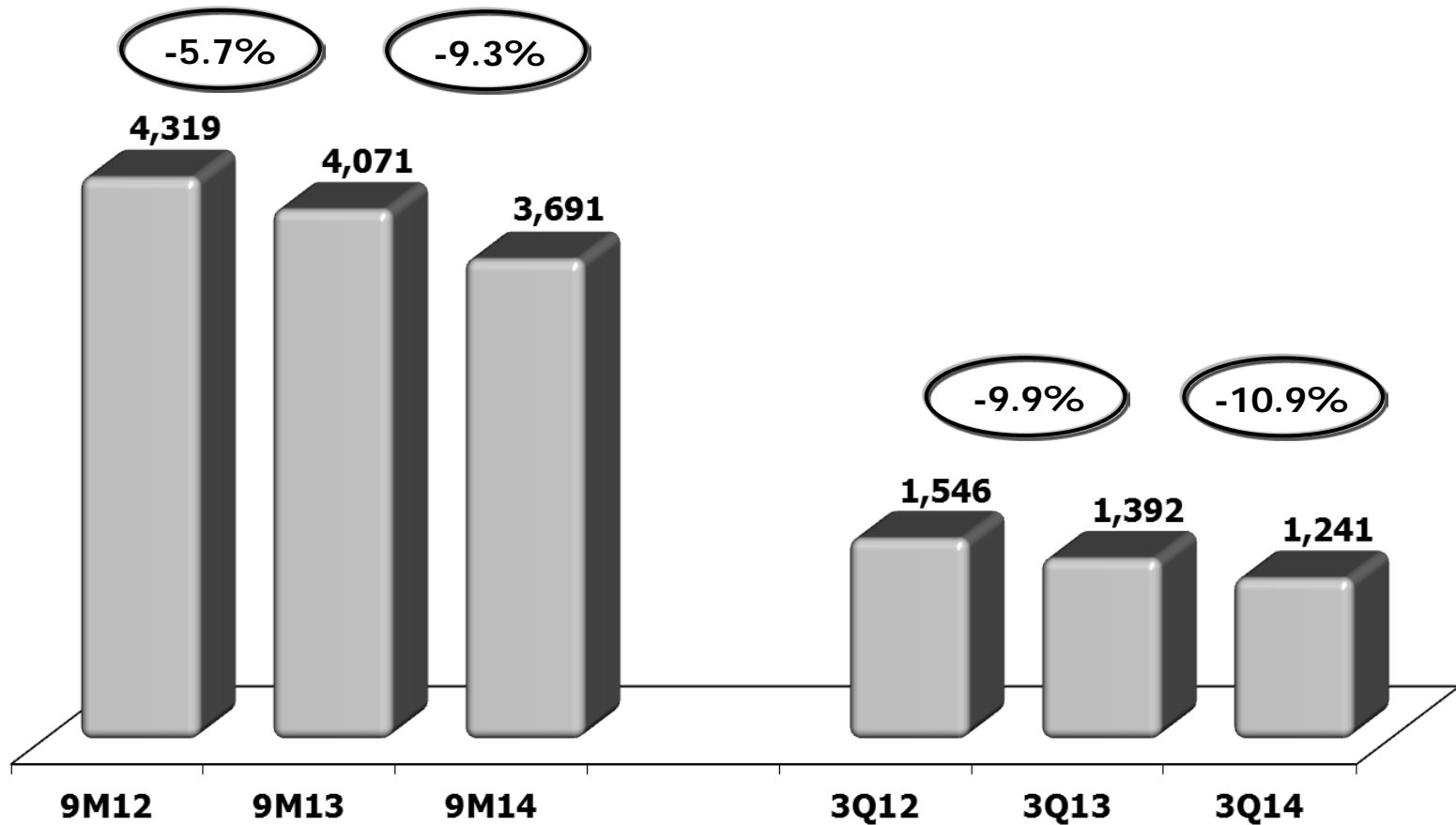
- Domestic Market – down by 6.9%
- Foreign Market – up by 6.5%



## Sales of Fiber-Cement (thous. tons)



## Sales of Concrete Tiles (thous. square meters)



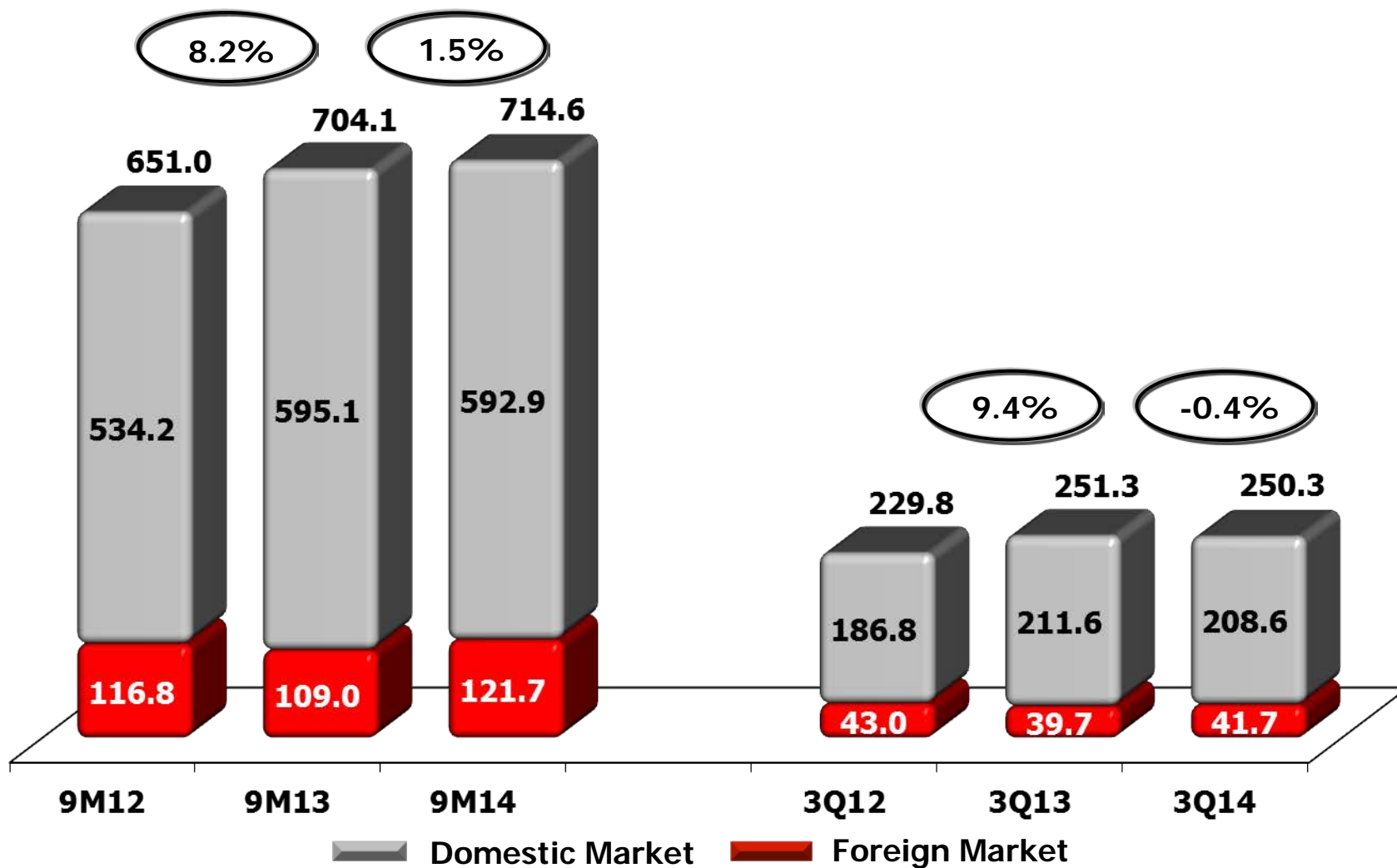


# Eternit



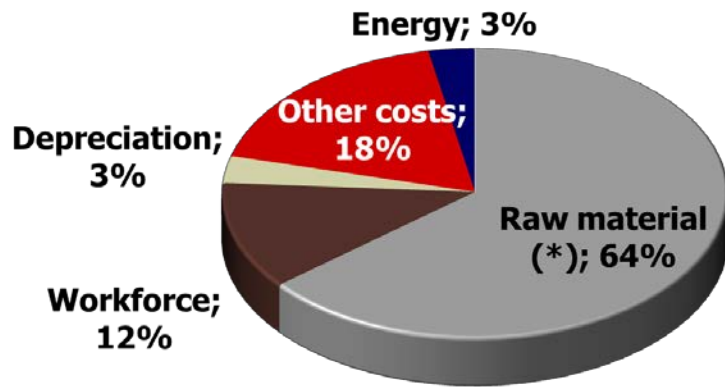
**Economic and Financial Information**

## Consolidated Net Revenue (R\$ million)



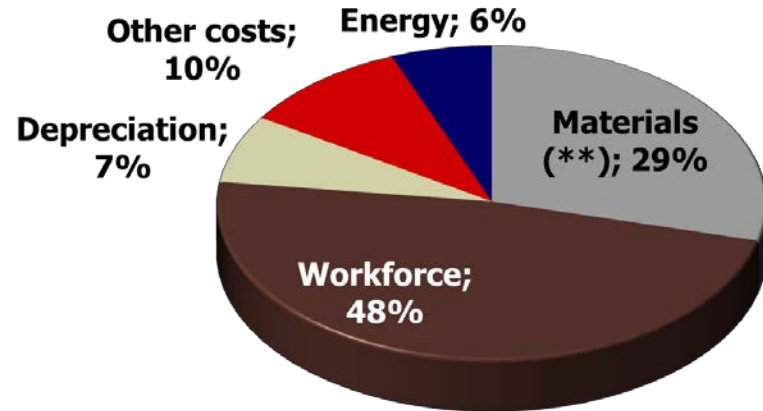
## COGS Breakdown – 3Q14

### Fiber-Cement



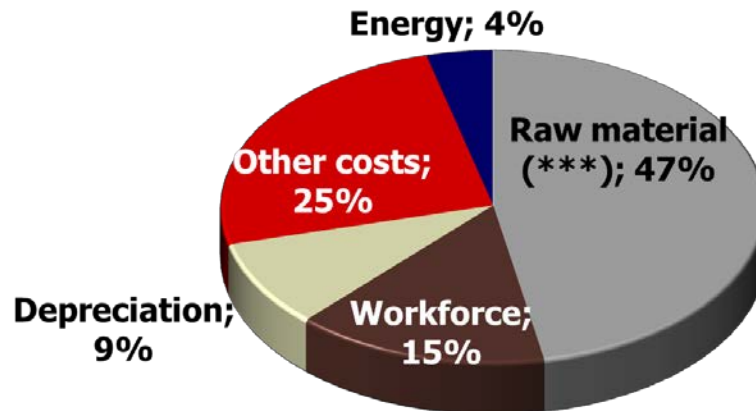
(\*) Cement (44%), Chrysotile Mineral (44%) and the others (12%)

### Chrysotile Mineral



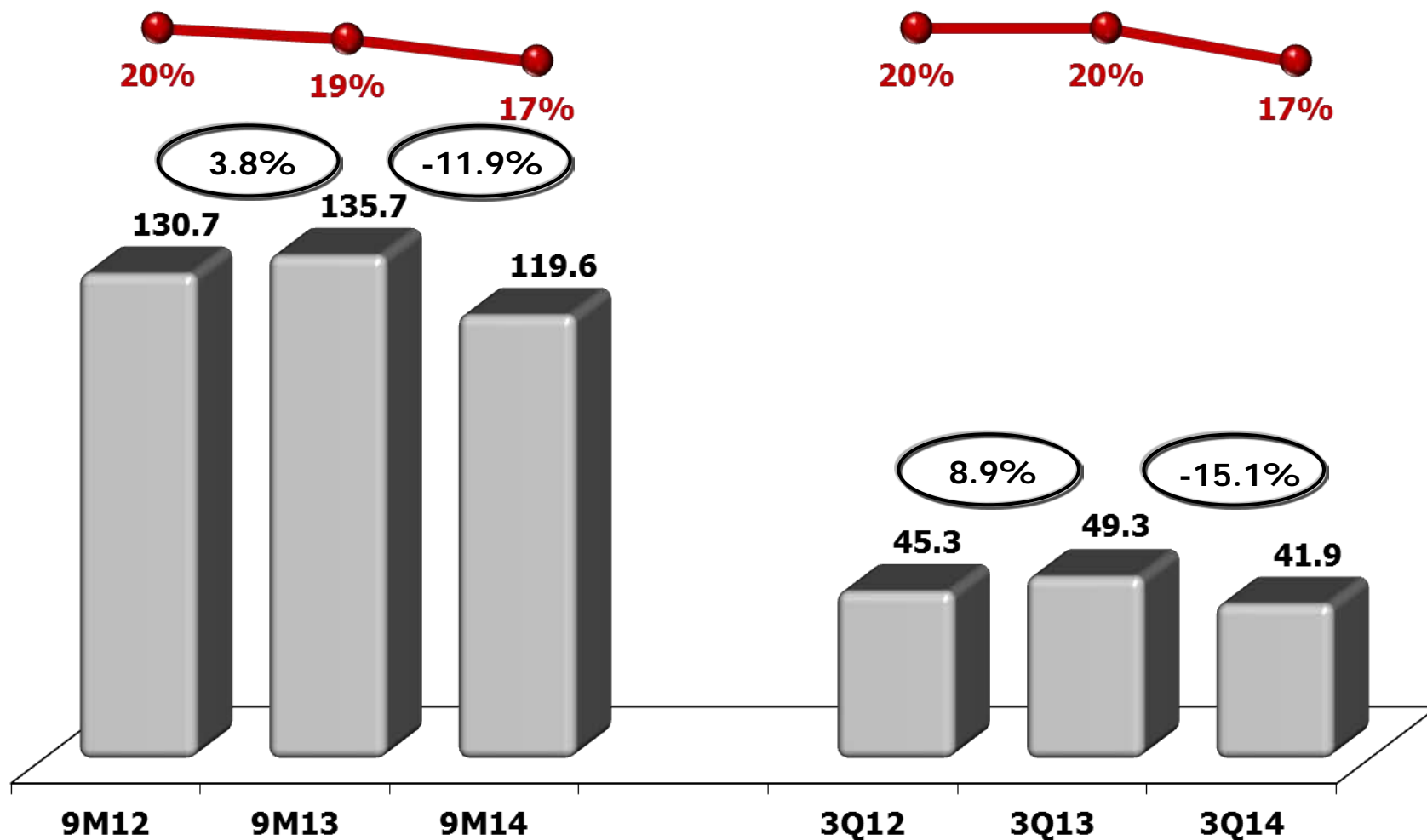
(\*\*) Fuel, explosives, packaging, among the others

### Concrete Tiles

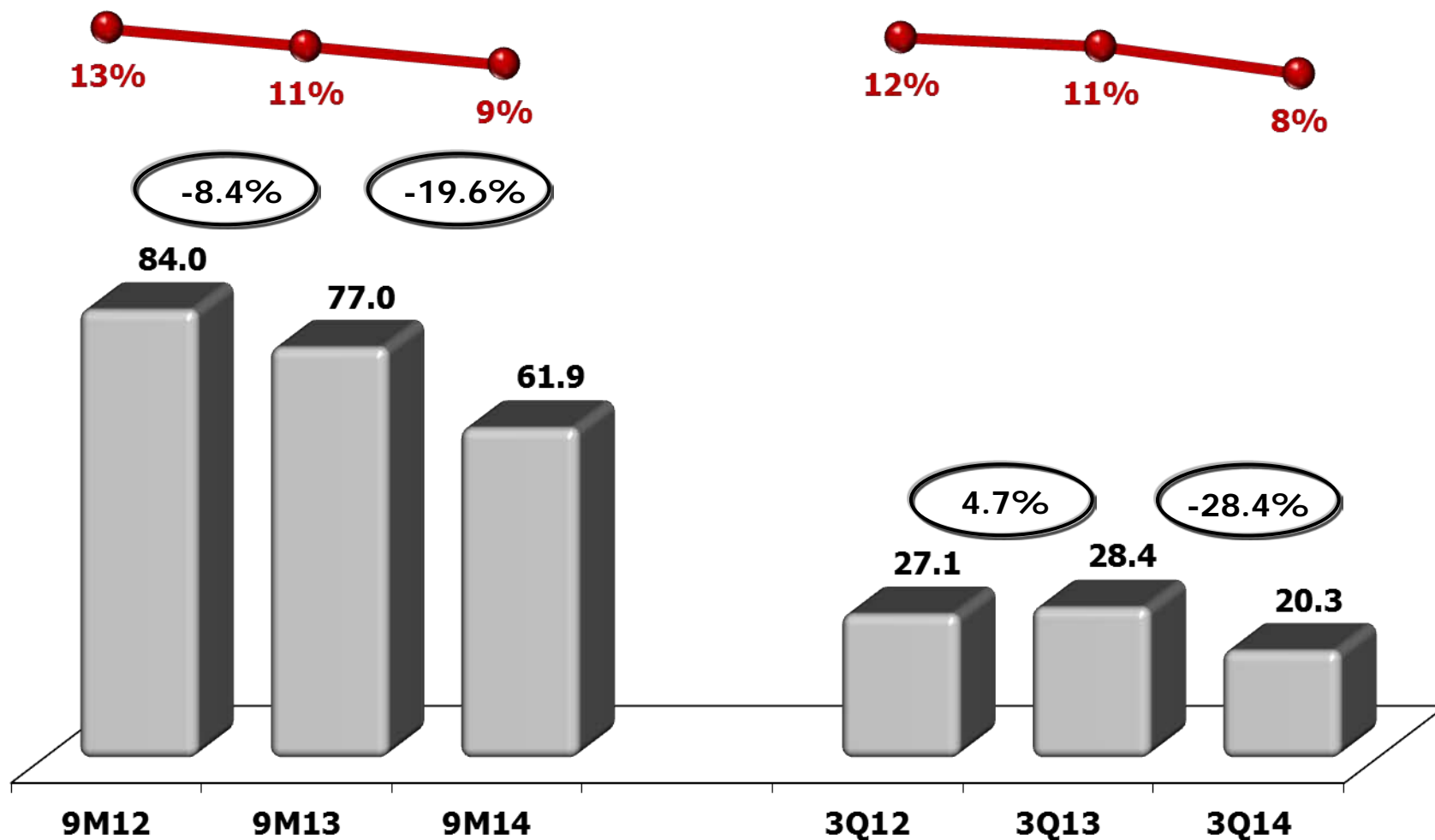


(\*\*\*) Cement (54%), sand (29%) and the others (17%)

## EBITDA (R\$ million) and EBITDA Margin (%)



## Net Income (R\$ million) and Net Margin (%)





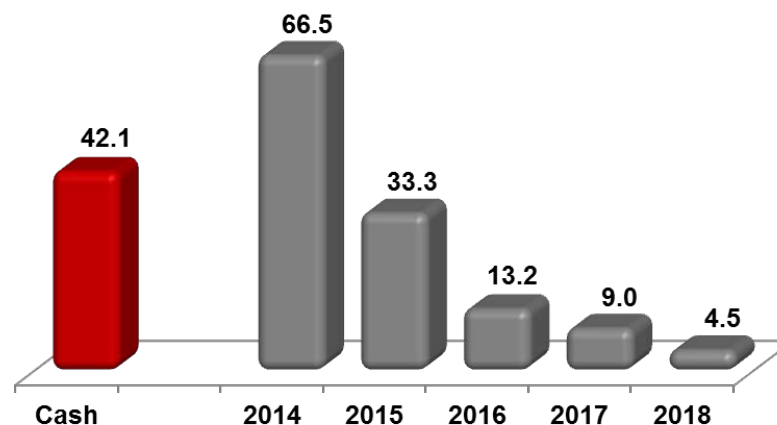
## Debt (R\$ million)

Debt	09/30/12	09/30/13	09/30/14
Short-term gross debt	85.4	40.7	66.5
Long-term gross debt	27.5	27.5	60.0
Cash and cash equivalents	(89.6)	(8.3)	(5.6)
Short-term investments (same cash equivalents)	(20.6)	(31.1)	(36.5)
<b>Net debt</b>	<b>2.7</b>	<b>28.9</b>	<b>84.5</b>
EBITDA (last 12 months)	170.7	189.3	161.9
<b>Net debt / EBITDA x</b>	<b>0.02</b>	<b>0.15</b>	<b>0.52</b>
<b>Net debt / Equity</b>	<b>0.6%</b>	<b>5.7%</b>	<b>16.4%</b>

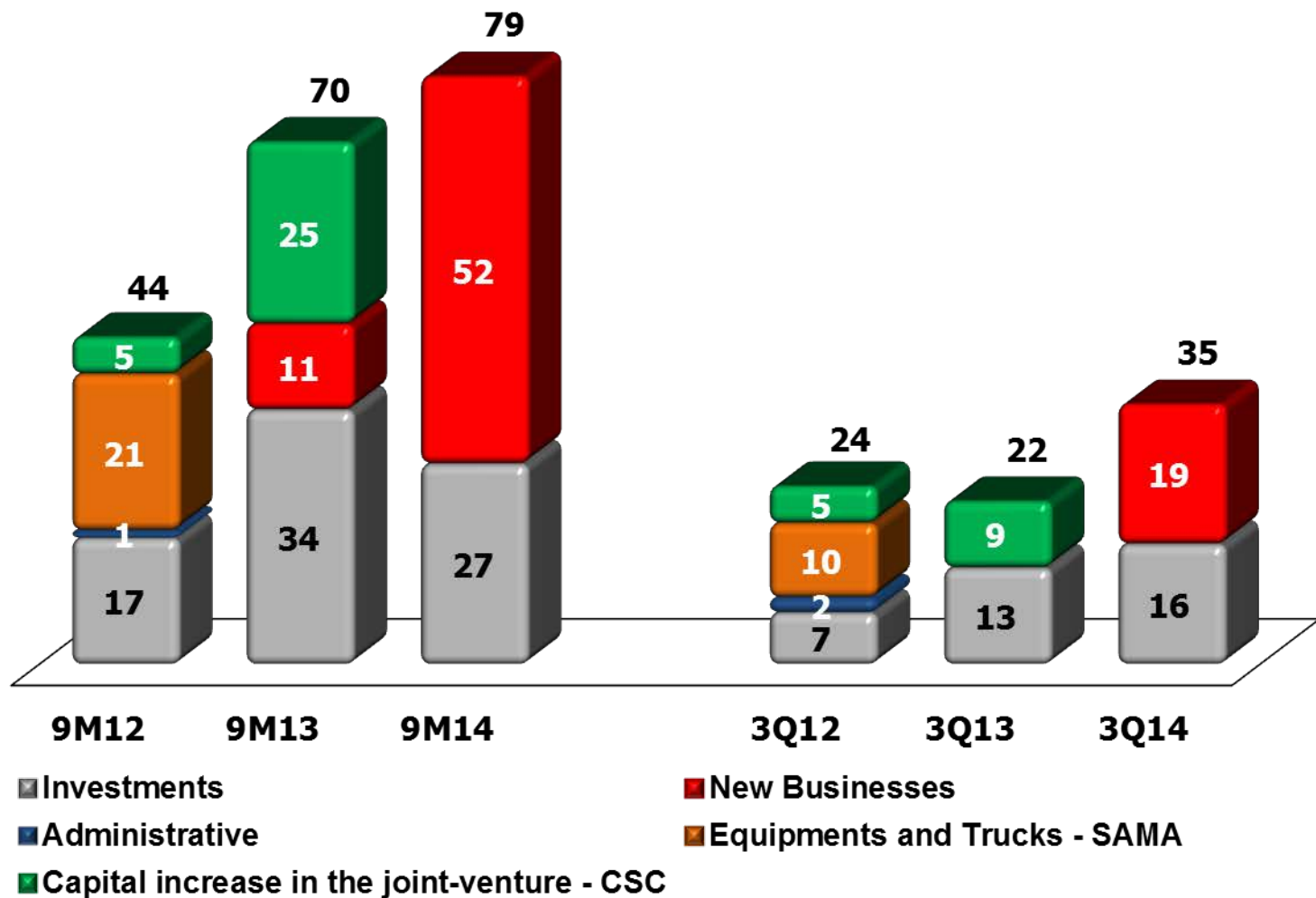
### Origin of debt



### Repayment Schedule



## Capital Expenditures (R\$ million)

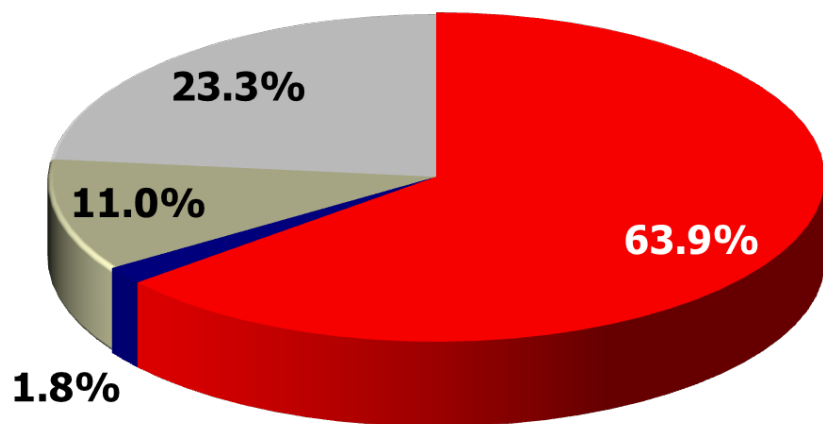


# Eternit



**Capital Markets**

## Shareholding Structure – Oct/14



- Individual Investors
- Corporations
- Investors Abroad
- Clubs, Funds and Foundations

**FREE-FLOAT**

**98.4%**

### Highlights

Geração L. Par. F. I. A.	15.14%
Luiz Barsi Filho	13.63%
Victor Adler	7.04%
Directors	1.30%
Stocks in Treasury	0.03%

### Board of Directors (\*)

### Member since

Luis Terepins – President	2011
Lírio Albino Parisotto	2004
Marcelo Munhoz Auricchio	2011
Benedito Carlos Dias da Silva	2012
Leonardo Deeke Boguszewski	2014
Marcelo Gasparino da Silva	2014

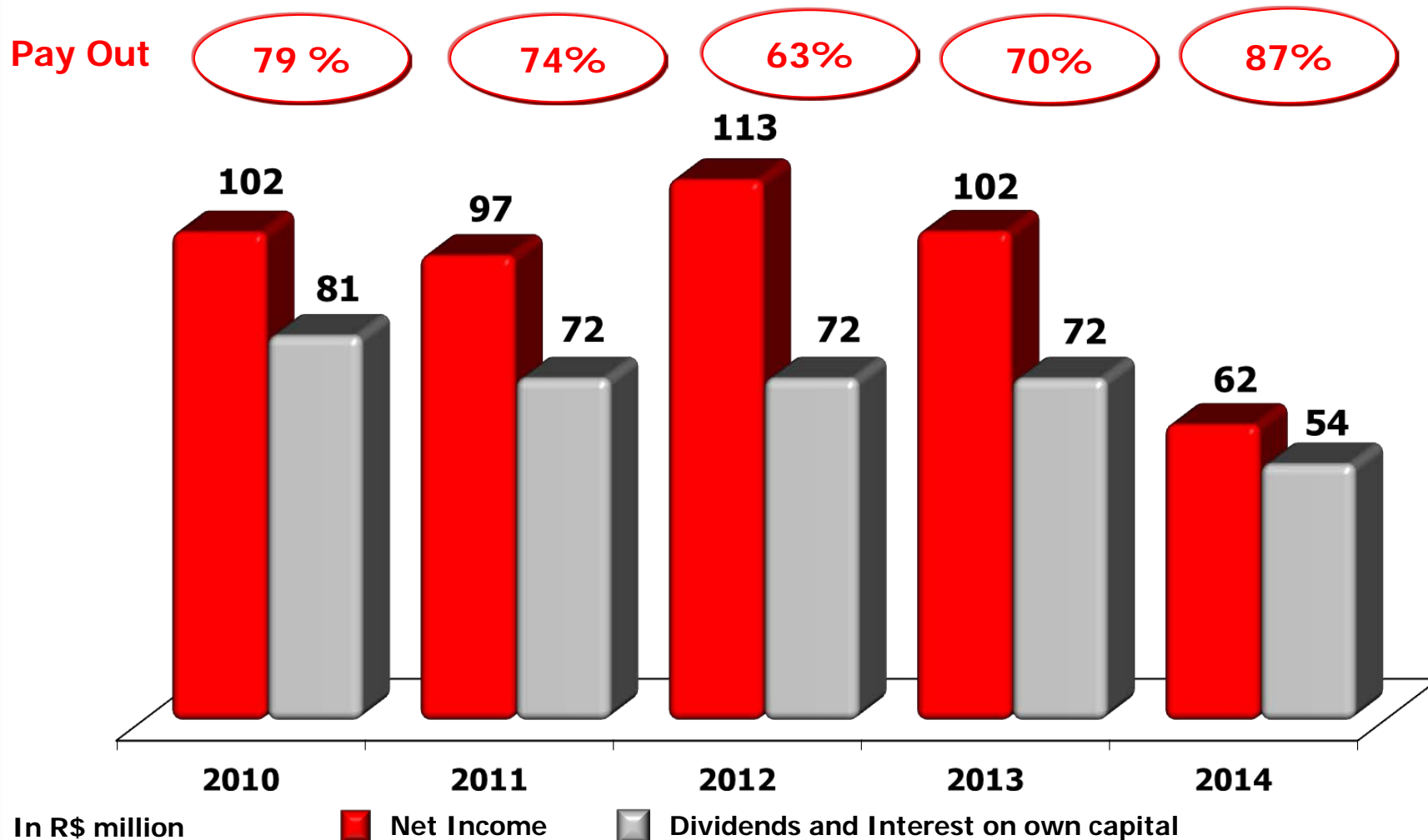
(\*) 100% of the Members are independent

### Board of Auditors

### Member since

André Eduardo Dantas	2013
Edson Carvalho de Oliveira Filho	2013
Paulo Henrique Zukanovich	2013

## Policy of Remuneration - Net Income X Distributed Earnings

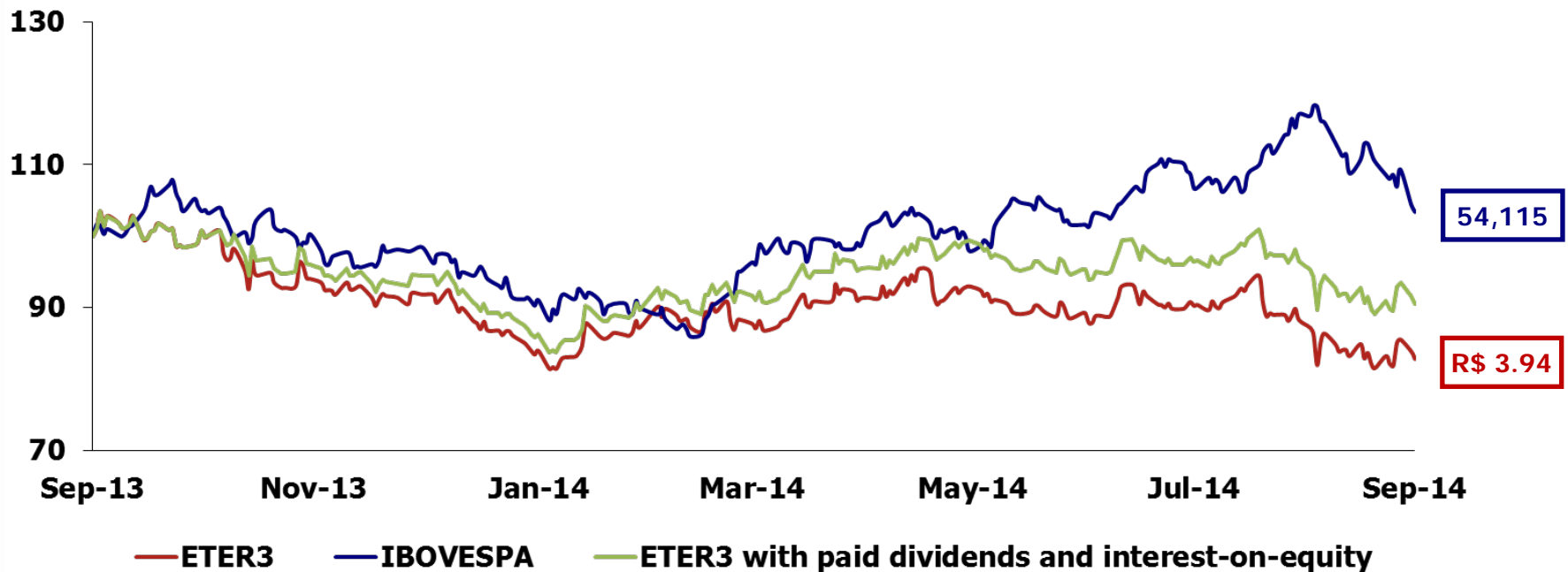




## Eternit's Shares Performance

Between 09/30/2013 to 09/30/2014, Eternit's shares depreciated **17.2%** and IBOVESPA appreciated **3.4%**.

In the same period, including the payment of dividends and interest on own capital, Eternit's shares depreciated **7.2%**.



\*At the Extraordinary General Meeting held on September 24, 2014, the proposed split of the common shares was approved, so that each (1) share was going to be represented by two (2) shares of the same type and with no change in the capital stock.

The equity position considered for the split of the common shares of the Company was based on date September 25, 2014. As of September 26, 2014, the shares were already traded without the right to split.

# Eternit



**Chrysotile – The Brazilian Mineral**

## Chrysotile – The Brazilian Mineral

The use of Chrysotile ore in Brazil is regulated by the Federal Law 9,055/95, by Decree 2,350/97 and by regulatory standards for occupational health and safety. It is also provided in the Convention 162 of the International Labor Organization (OIT).

White Mineral

Bends and silky fibers without tip

High Concentration of Magnesium:  $3\text{MgOSiO}_2\text{H}_2\text{O}$

Biopersistence\*: 2.5 days

**\*Biopersistence:** Time that a inhaled particle remains in the lungs before being eliminated by the body's defense mechanisms. To cause lung damage, the fiber must have penetration and durability capacities in the alveoli.



Serpentinite rock with chrysotile mineral fibers

For further information, please visit: <http://www.eternit.com.br/ir>



# Eternit



## Recognitions

## Recognitions



**Best Companies to Work for in 2014** – For the third consecutive time, Eternit was elected one of the Best Companies to Work for by Guia 2014 published by the Magazine Você S/A. SAMA Minerações Associadas, a subsidiary of Eternit, was also recognized for the seventh straight year by ranking first in the Diverse Industries segment and for Excellence in People Development.



**HR Top Of Mind** – SAMA was elected the best company with recognized Environmental Management and Sustainability practices, in the 17th HR Top of Mind awards organized by Editora Fênix.



**APIMEC Minas Gerais Capital Markets Award 2013** – the public meeting held by Eternit in Belo Horizonte was elected by Capital Market Professionals and Investors Association – Minas Gerais (APIMEC-MG) as the best meeting of 2013 held in the Minas Gerais region.



## Recognitions



**23<sup>rd</sup> ANAMACO Award** – Eternit received six awards from the National Association of Construction Material Merchants (ANAMACO) in the following categories:

- a) Master award - fiber-cement roofing tiles;
- b) Large clients - 2<sup>nd</sup> place - fiber-cement roofing tiles;
- c) Diversification - 2<sup>nd</sup> place - fiber-cement roofing tiles with synthetic fibers;
- d) Diversification – honorable mention - bathroom chinaware;
- e) Large clients – honorable mention - bathroom chinaware;
- f) Diversification – honorable mention – ecofriendly tiles.



**SELO RA1000 ReclameAQUI®** – Eternit received the SELO RA1000 ReclameAQUI® seal, created for companies with excellent customer service levels on the website ReclameAQUI®. Companies having this seal prove to their customers their commitment to after-sales service, increasing consumer confidence in the brand, products and services.

## Further Information

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