As part of its restructuring process, Eternit presents Court-Supervised Reorganization Plan

São Paulo, August 15, 2018 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3) announces today the results for the second quarter of 2018 (2Q18). 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 second quarter of 2017 (2Q17), except where stated otherwise.

2Q18

Listing Segment

Novo Mercado of B3

Share Price (Jul. 31, 2018) ETER3

R$/share	0.63
US$/share	0.17

Shareholder Base (Jul. 31, 2018)

Shares Issued	179,000,000
Free Float	99.17%

Market Cap - (Jul. 31, 2018)

R$ 112.8 million
US$ 30.0 million

Dividends to Shareholders (2018)

No dividends were distributed in the period.

Indicators - (Jun/18)

EPS (R$/share)	0.70
Price/EPS	1.22

Conference Call/Webcast

August 17, 2018

Time: 10:00 a.m. (Brasília) – 9:00 a.m. (New York) and 2:00 p.m. (London)

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In the current economic scenario and affected by the truck drivers' strike, the construction materials industry performed below par in 2Q18, according to the Brazilian Construction Materials Industry Association (ABRAMAT). In this period, the Company operated in line with market demand in its operating segments, though the quarter is one of seasonally lower demand.

Chrysotile sales volume in 2Q18 totaled 24,100 tons, down 38.8% from 2Q17, severely affected by the truck drivers' strike on export shipments in May and June and lower utilization of chrysotile fiber in the production of roofing panels in the domestic market. The Company continues with its strategy of directing all production to the export market.

In the same period, sales of fiber-cement tiles totaled 101,600 tons, down 31.8% year on year, reflecting the effect of the truck drivers' strike on production, which reduced the supply of raw materials, and lower availability of products caused by the transition from production based on asbestos to synthetic fiber, as well as economic factors that still directly affect this segment. Sales of concrete roofing tiles decreased 10.7% as a result of the truck drivers' strike.

Net operating revenue in 2Q18 totaled R$118.1 million, down 27.8% from 2Q17, due to lower sales volumes in the operating segments, completely neutralizing the price repositioning initiatives in the fiber-cement roofing panels and asbestos segments. Revenue from chrysotile exports fell 24.0% from 2Q17, reflecting the lower sales volume and the reduction in U.S. dollar prices, which was partially offset by the 12.1% appreciation of the U.S. dollar against the Brazilian real (comparison of the average PTAX in 2Q18 with 2Q17).

In 2Q18, adjusted EBITDA stood at negative R$19.3 million as a result of low utilization of industrial capacity, drop in sales, lower share of chrysotile in the revenue, the truck drivers' strike and the provision for tax contingencies, in addition to it being a quarter of seasonally lower demand. In the same period, Eternit posted adjusted net loss of R$32.9 million, due to the factors commented in the EBITDA section, despite the improvement in equity pickup and net financial result.

With regard to the court-supervised reorganization, on July 2, 2018, the Eternit Group presented the court-supervised reorganization plan that will be submitted to the Meeting of Creditors for approval.

Main Indicators

Consolidated - R$ `000	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net revenues	**118,115**	**163,644**	**(27.8)**	**129,227**	**(8.6)**	**247,342**	**331,358**	**(25.4)**
Adjusted Gross margin	*16%*	*29%*	*- 13 p.p.*	*29%*	*- 13 p.p.*	*23%*	*31%*	*- 8 p.p.*
Operating loss/income (EBIT) [1]	(28,684)	(23,578)	21.7	(4,834)	493.4	(33,518)	(19,134)	75.2
Net loss for the period	**(34,776)**	**(23,091)**	**50.6**	**(11,138)**	**212.2**	**(45,914)**	**(26,046)**	**76.3**
Adjusted Net loss for the period	**(32,904)**	**(13,183)**	**149.6**	**(9,957)**	**230.5**	**(42,861)**	**(14,144)**	**203.0**
Adjusted Net margin	*-28%*	*-8%*	*- 20 p.p.*	*-8%*	*- 20 p.p.*	*-17%*	*-4%*	*- 13 p.p.*
Earnings (loss) per share - R$	(0.1943)	(0.1290)		(0.0622)		(0.2566)	(0.1456)	
CAPEX	1,625	1,348	20.5	1,737	(6.4)	3,362	2,468	36.2
EBITDA [2]	**(26,570)**	**(14,186)**	**87.3**	**(1,667)**	**1,494.0**	**(28,237)**	**(551)**	**5,024.7**
Adjusted EBITDA	**(19,279)**	**10,041**	**-**	**4,393**	**-**	**(14,886)**	**30,962**	**-**
Adjusted EBITDA Margin	*-16%*	*6%*	*- 22 p.p.*	*3%*	*- 19 p.p.*	*-6%*	*9%*	*- 15 p.p.*

[1] *Before financial results.*
[2] *Operating income before interests, taxes, depreciation and amortization*

Economy and Market

According to Copom[1], the Brazilian economy continues its recovery process, though still marked by a high level of idleness among the factors of production, which is evident from low capacity utilization in the industry and, especially, the level of unemployment. Domestic demand continues on a recovery path with growth in household consumption and investments.

One important factor in 2Q18 was the strike in the cargo transportation sector in May, which made gauging the recent evolution of the economy difficult.

On account of these scenarios, GDP and construction GDP forecasts were lowered by 1.5%[2] and -0.7%[3], respectively, reflecting slower recovery than previously expected.

According to ABRAMAT[4], the installed capacity utilization rate in the construction materials sector fell for the second consecutive month reaching 68% in June. The association reported a 0.4% drop in sales of construction materials in the first half of 2018, negatively affected by the truck drivers' strike. It expects 2018 to end with 1.5% growth, but stresses that external factors may hamper this process, such as the truck drivers' strike, the appreciation of the U.S. dollar and the election cycle.

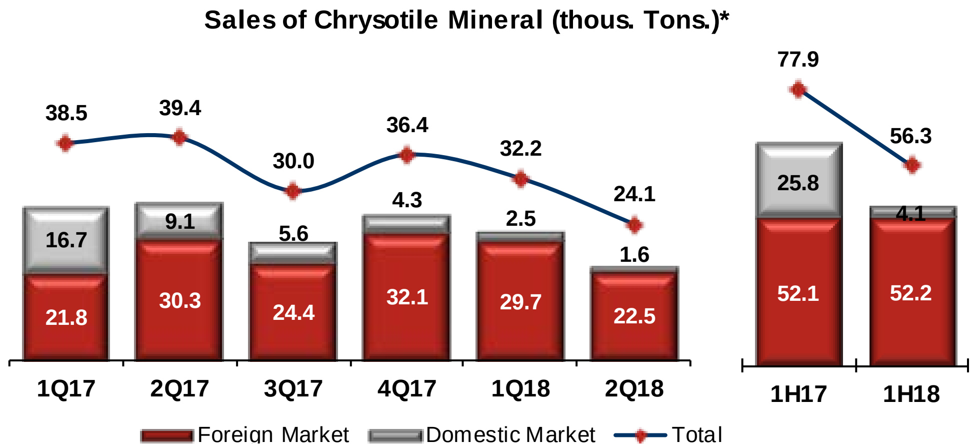
The Company continues to operate in line with market demand in its operating segments, though the quarter is one of seasonally lower demand.

Operational and Financial Aspects

Sales

Chrysotile

In 2Q18, chrysotile mineral sales reached 24,100 tons, down 38.8% from 2Q17. This result was strongly affected by the truck drivers' strike on export shipments in May and June and the lower utilization of chrysotile fiber in the production of roofing panels in the domestic market. The Company continues with its strategy of directing production to the export market.



(*) Includes intercompany sales, which accounted for 52% of domestic sales volume in 2Q18.

Sales in the first six months of 2018 totaled 56,300 tons, decreasing 27.7% from 1H17, due to the factors mentioned earlier.

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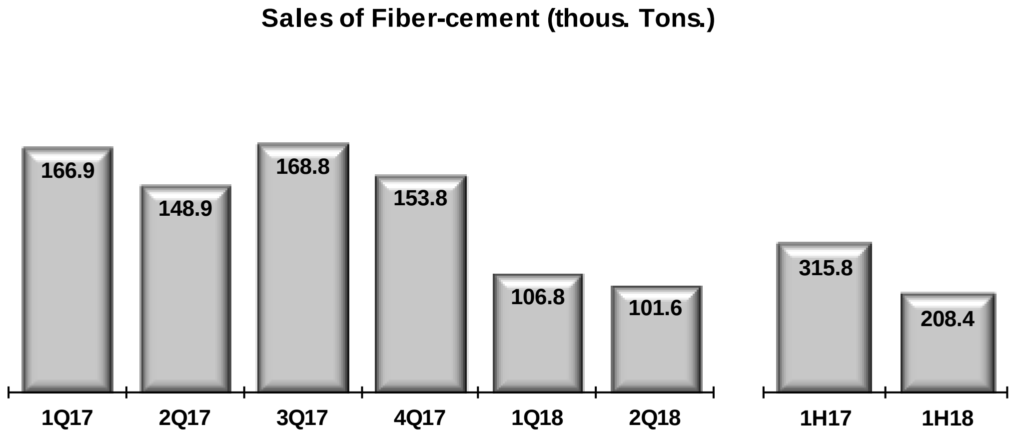
[1] Copom: Monetary Policy Committee of the Central Bank of Brazil
[2] BACEN: FOCUS market readout issued by the Central Bank of Brazil
[3] BACEN: June 2018 Inflation Report
[4] ABRAMAT: Brazilian Construction Materials Industry Association.

Fiber-cement roofing panels

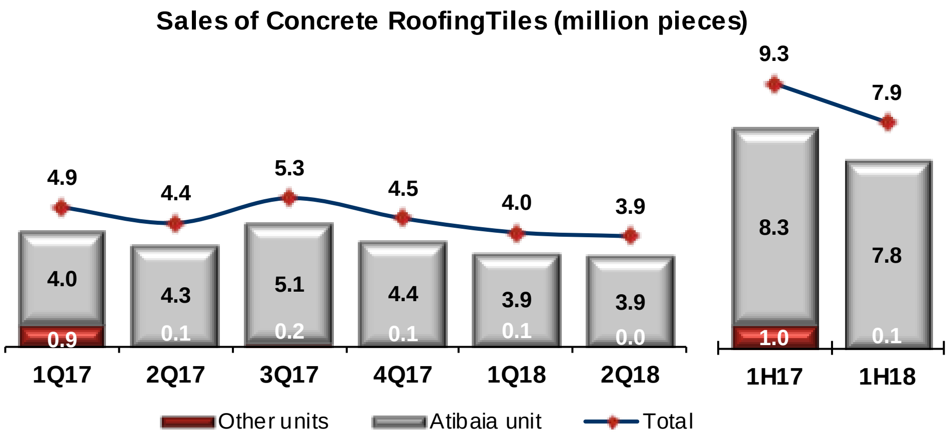
Fiber-cement sales amounted to 101,600 tons in 2Q18, contracting 31.8% in relation to the same period last year. The main factors contributing to the decrease were the truck drivers' strike, which the Company estimates caused a loss of around 20% in sales volume, the lower supply of products arising from the transition from asbestos to synthetic fiber and the economic factors that still directly affect the industry.



In the first six months of 2018, sales volume decreased 34.0%, in line with the aspects mentioned above.

Concrete Roofing Tiles

To serve more profitable markets, the Company restructured the subsidiary Tégula in February 2017 and now operates only the unit in Atibaia, São Paulo. In 2Q18, sales volume decreased 10.7% from 2Q17, mainly as a result of the truck drivers' strike.

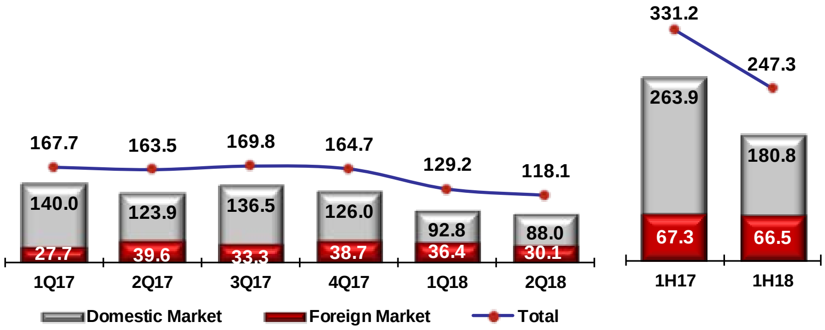


In 1H18, the sales volume of concrete roofing tiles was 7.9 million pieces, down 14.7% from 1H17, in line with factors commented above.

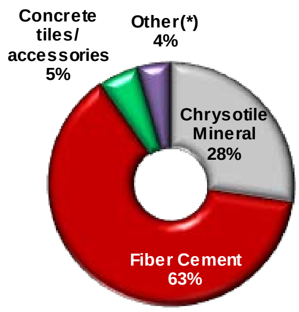
Net Operating Revenue

Net revenue amounted to R$118.1 million in the quarter, down 27.8% from 2Q17. Domestic market revenue in 2Q18 fell 29.0%, due to lower sales volumes across all operating segments (as explained above), which completely neutralized the price repositioning initiatives in the fiber-cement roofing panels and asbestos segments. With regard to the export market, revenue fell 24.0% from 2Q17, reflecting the lower sales volume and the reduction in U.S. dollar prices, which was partially offset by the 12.1% appreciation of the U.S. dollar against the Brazilian real (comparison of the average PTAX in 2Q18 and 2Q17).

Consolidated Net Revenue (R$ million)



Breakdown of Consolidated Net Revenue (2Q18)



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

In 1H18, net revenue fell 25.4% from 1H17. Exports totaled R$66.5 million, down 1.3% from 2017, while domestic market revenue totaled R$180.8 million, down 31.5%, as discussed above.

Cost of Goods and Products Sold

To operate more competitively and efficiently, the Management has been working diligently to restructure the Company's fixed costs and the manufacturing structure. Adjusted cost of goods and products sold totaled R$99.1 million in 2Q18, down 15.0% from 2Q17, due to the lower sales volume in its operating segments. Other factors that also affected costs in this period include: the adjustment of industrial capacity to operate in line with market demand, inflationary pressures on costs and idleness of manufacturing units, which operated only partially due to the truck drivers' strike. As a result, adjusted gross margin came to 16% in 2Q18, down 13 p.p. from 2Q17.

R$ ´000	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Cost of goods sold	(99,347)	(121,735)	(18.4)	(92,487)	7.4	(191,834)	(236,505)	(18.9)
Non-recurring events								
Breaking of products from new technologies*	262	(230)	-	259	1.2	521	1,441	(63.8)
Expenses with unexpected halts**	-	5,334	-	-	-	-	5,334	(100.0)
Manufacturing inefficiencies	-	-	-	979	(100.0)	979	-	-
Adjusted cost of goods sold	**(99,085)**	**(116,631)**	**(15.0)**	**(91,249)**	**8.6**	**(190,334)**	**(229,730)**	**(17.1)**
Adjusted gross margin	*16%*	*29%*	*- 13 p.p.*	*29%*	*- 13 p.p.*	*23%*	*31%*	*- 8 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 synthetic fiber.

** Includes the depreciation value of a non-scheduled maintenance shutdown.

In 1H18, the reduction in adjusted costs corresponded to 17.1% of the amount booked in 1H17, totaling R$ 190.3 million, as mentioned earlier. Consequently, adjusted gross margin declined 8 p.p. to end the period at 23%.

Operating expenses

In line with the structured program to reduce SG&A expenses, the Company reduced adjusted operating expenses by 9.7% in 2Q18, mainly in commissions and variable expenses on sales due to lower sales volumes and adjustments to the commercial and administrative structures, and lower higher expenses with labor and civil indemnities despite the impact of higher provision for tax contingencies.

In R$ '000	2Q18	2Q17	Chg. %	1Q18	Chg. %	1H18	1H17	Chg. %
Selling expenses	(17,517)	(19,508)	(10.2)	(16,937)	3.4	(34,454)	(40,408)	(14.7)
General and administrative expenses*	(20,183)	(31,395)	(35.7)	(19,669)	2.6	(39,852)	(52,955)	(24.7)
Other operating revenues (expenses), net	(5,522)	(5,369)	2.8	(146)	3,682.2	(5,668)	(5,794)	(2.2)
Total operating expenses	**(43,222)**	**(56,272)**	**(23.2)**	**(36,752)**	**17.6**	**(79,974)**	**(99,157)**	**(19.3)**
Non-recurring event								
Restructuring	0	11,258	-	551	-100.0	551	11,258	-95.1
Expenses related to the judicial recovery process**	2,574	-	-	-	-	2,574	-	-
Total adjusted operating expenses	**(40,648)**	**(45,014)**	**(9.7)**	**(36,201)**	**12.3**	**(76,849)**	**(87,899)**	**(12.6)**

* Includes Management Compensation.

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

Adjusted operating expenses in 1H18 came to R$76.8 million, down 12.6% from the same period in 2017, as already discussed.

Equity Pickup

On April 27, 2018, the Eternit Group formally acquired the entire interest in Companhia Sulamericana de Cerâmica S.A. – under Court-Supervised Reorganization ("CSC"), in accordance with the Share Purchase Agreement ("Agreement").

Despite the full acquisition of CSC, the Eternit Group will only consolidate 100% of CSC after the court-supervised reorganization plan is approved at the Meeting of Creditors, since the payment conditions of this transaction are the subject of a restrictive clause.

Equity pickup refers to gain or loss from the bathroom chinaware plant in the state of Ceará. In 2Q18, equity pickup was a negative R$4.5 million, as against a negative R$9.2 million in the same period last year.

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 Northern and Northeastern Brazil.

Net Financial Result

Net financial result in 2Q18 was an expense of R$3.7 million, down 16.4% from 2Q17, mainly due to the net effect of exchange variation on the Company's foreign currency operations and lower financial charges due to debt reduction.

In R$ '000	2Q18	2Q17	Chg. %	1Q18	Chg. %	1H18	1H17	Chg. %
Financial expenses	(15,388)	(9,463)	62.6	(12,280)	25.3	(27,668)	(20,312)	36.2
Financial income	11,700	5,049	131.7	7,708	51.8	19,408	11,350	71.0
Net financial result	**(3,688)**	**(4,414)**	**(16.4)**	**(4,572)**	**(19.3)**	**(8,260)**	**(8,962)**	**(7.8)**

In 1H18, the net financial result was 7.8% lower compared to the same period in 2017, as explained above.

EBITDA

In 2Q18, adjusted EBITDA was a negative R$19.3 million as a result of low industrial capacity utilization, drop in sales, the lower share of chrysotile in revenue, the truck drivers' strike and the provision for tax contingencies, besides the quarter being one of seasonally lower demand. As a result, adjusted EBITDA margin fell by 22 p.p. from 2Q17 to end the quarter at -16%.

To minimize the negative effects on EBITDA, the Company is continuing the process of reducing SG&A expenses to adapt its structure to the changed scenario, which resulted in an 9.7% decline in recurring operating expenses in 2Q18 compared to 2Q17.

Reconciliation of consolidated EBITDA - (R$'000)	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net loss	**(34,776)**	**(23,091)**	**50.6**	**(11,138)**	**212.2**	**(45,914)**	**(26,046)**	**76.3**
Income tax and social contributions	2,404	(4,901)	-	1,732	38.8	4,136	(2,050)	-
Net financial Income	3,688	4,414	(16.4)	4,572	(19.3)	8,260	8,962	(7.8)
Depreciation and amortization	2,114	9,392	(77.5)	3,167	(33.2)	5,281	18,583	(71.6)
EBITDA[1]	**(26,570)**	**(14,186)**	**87.3**	**(1,667)**	**1,494.0**	**(28,237)**	**(551)**	**5,024.7**
Equity pickup	4,455	9,215	(51.7)	4,271	4.3	8,726	14,830	(41.2)
Non-recurring events								
Restructuring	-	11,258	(100.0)	551	(100.0)	551	11,258	(95.1)
Expenses related to the judicial recovery proces	2,574	-	-	-	-	2,574	-	-
Breaking of products in the production process*	262	(230)	-	259	1.2	521	1,441	(63.8)
Expenses with unexpected halts**	-	3,984	(100.0)	-	-	-	3,984	(100.0)
Manufacturing inefficiencies****	-	-	-	979	(100.0)	979	-	-
Recurring and Adjusted EBITDA[2]	**(19,279)**	**10,041**	**-**	**4,393**	**(538.9)**	**(14,886)**	**30,962**	**-**

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

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

***** 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 adjusted net loss of R$32.9 million, due to the factors commented in the EBITDA section, despite the improvement in equity pickup and net financial result. Adjusted net margin fell by 20 p.p. to end the period at -28%.

Consolidated Net loss for the year (R$'000)	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net loss	**(34,776)**	**(23,091)**	**50.6**	**(11,138)**	**212.2**	**(45,914)**	**(26,046)**	**76.3**
Non-recurring events								
Restructuring	-	11,258	(100.0)	551	(100.0)	551	11,258	(95.1)
Expenses related to the judicial recovery proces	2,574	-	-	-	-	2,574	-	-
Breaking of products from new technologies	262	(230)	-	259	1.2	521	1,441	(63.8)
Expenses with unexpected halts	-	3,984	(100.0)	-	-	-	5,334	(100.0)
Manufacturing inefficiencies****	-	-	-	979	(100.0)	979	-	-
Effect of Income and social contributions taxes*	(964)	(5,104)	(81.1)	(608)	58.5	(1,573)	(6,131)	(74.4)
Adjusted Net loss for the year	**(32,904)**	**(13,183)**	**149.6**	**(9,957)**	**230.5**	**(42,861)**	**(14,144)**	**203.0**

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

In 1H18, adjusted net loss totaled R$42.9 million, with adjusted net margin of -17%, as against recurring net loss of R$14.1 million and net margin of -4% in 1H17.

Indebtedness

The Company ended 2Q18 with gross debt of R$101.4 million, up 4.1% from 2017. On June 30, 2018, Eternit's cash equivalents stood at R$8.7 million, compared to R$28.8 million in 2017.

The decline in the cash balance is tied to the change in the financial cycle, due to the application for court-supervised reorganization. Note that after the application for court-supervised reorganization, the Company has arranged new credit facilities from financial institutions to finance the operations of the Eternit Group.

DEBT - R$ ´000	06/30/18	12/31/17	% Chg.	03/31/18	% Chg.
Short- term gross debt	69,336	58,888	17.7%	79,150	-12.4%
Long-term gross debt	32,100	38,570	-16.8%	32,100	-
Total gross debt	**101,436**	**97,458**	**4.1%**	**111,250**	**-8.8%**
Cash and cash equivalents	(8,699)	(6,957)	25.0%	(34,292)	-74.6%
Short-term investments (same cash equivalents)	-	(21,805)	-100.0%	(128)	-100.0%
Cash and short-term investments	**(8,699)**	**(28,762)**	**-69.8%**	**(34,420)**	**-74.7%**
Net debt	**92,737**	**68,696**	**35.0%**	**76,830**	**20.7%**
Recurring and adjusted EBITDA (last 12 months)	(2,202)	43,656	-105.0%	28,800	-107.6%
Net debt / Recurring and adjusted EBITDA x	**(42.11)**	**1.57**	**-**	**2.67**	**-**
Net debt / Equity	**74.4%**	**40.3%**	**-**	**48.2%**	**-**

On June 30, 2018, 64% of the debt was in foreign currency and 36% in domestic currency. In 2Q18, 100% of the foreign currency debt was naturally hedged by accounts receivable on chrysotile exports.

Capex

Capex of Eternit and its subsidiaries in 2Q18 amounted to R$1.6 million, and in 1H18 to R$3.4 million, up 20.5% and 36.2%, respectively, compared to the same periods in 2017, with the funds allocated towards 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 a highly fragmented ownership structure and the absence of a shareholders' agreement or a controlling group, the Company's shareholder base had a high concentration of individual investors, who accounted for 79.5% of the shareholder base on June 30, 2018, while foreign investors accounted for 0.6% and legal entities, clubs, investment funds and foundations accounted for 19.9%. In June 2017, only four shareholders held more than 5% interest in the capital stock, totaling approximately 38.2% of the capital stock.

On June 30, 2018, Eternit stock was quoted at R$0.53 while the Company's market capitalization was R$94.9 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 2Q18, 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 in accordance with the court-supervised reorganization plan.

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 Labor 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 the disclosure of the 2Q18 results, the decision of the Supreme 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.

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 a Meeting of the Board of Directors ("RCA") on May 24, 2018, which approved, by majority vote, the reverse stock split factor at the ratio of three (3) shares to one (1) new share, and also called the Extraordinary Shareholders Meeting ("ESM") to be held on July 30, 2018, to decide on the reverse stock split, the treatment of share fractions and the amendment to the Company's Bylaws.

In accordance with legal guidelines, and if the special quorum of two-thirds (2/3) is not reached at the aforementioned ESM to discuss and vote on (i) the reverse stock split and (ii) the amendment to the Company's Bylaws, the Company's Management will issue the second call for the Extraordinary Shareholders Meeting to be held on September 27, 2018.

The reverse stock split is intended to comply with B3 requirements. 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.

Election of Supply Chain Executive Officer

At the meeting held on May 8, 2018, Mr. Luiz Antonio Nitschke was elected Supply Chain Executive Officer of the Eternit Group.

Luiz Antonio Nitschke holds a degree in Chemical engineering, a graduate degree in Marketing and an International Executive MBA. He began his career in 1984 in the sales area, and has gained experience in managing business units, strategic planning and sales. He worked with products focused on the plastics segment, with vast experience in resins and fibers derived from it. He has held top management positions in companies such as Braskem S/A, Rhodia - Ster Fipack S.A. (currently M&G POLIÉSTER S/A), Alcoa S/A and Unigel S/A. In the past 10 years, he has held the positions of Manager and Executive Officer in the companies where he worked.

A short bio of is available on the IR website in the Corporate Governance / Management section.

Events Subsequent to the Reporting Period

Presentation of the Court-Supervised Reorganization Plan

On July 2, 2018, Eternit presented its Court-Supervised Reorganization Plan as part of the court-supervised reorganization process of the Company and its subsidiaries who are the plaintiffs in the Court-Supervised Reorganization Process ("Eternit Group"), pending before the 2nd Court of Bankruptcies and Court-Supervised Reorganizations of the Judicial District of the City of São Paulo, SP.

The court-supervised reorganization plan is available on the Company's IR website (www.eternit.com.br/ri).

Promise of Sale and Purchase

On July 2, 2018, the Company signed a private instrument of promise of sale and purchase of properties and other covenants for the sale of Edifício Pantheon in São Paulo. However, its effects are subject to judicial authorization to be granted by the judge presiding over the court-supervised reorganization of Eternit and its subsidiaries. Moreover, as is usual in deals of this nature, the transaction is still subject to verification of the inexistence of risk to the legal certainty of the transaction.

Outlook and Management Comments

In line with the current economic scenario, the GDP growth forecast for 2018 is 1.5%, as per the FOCUS report published on August 10, 2018, while the June 2018 Inflation report estimates a 0.7% decline in the construction sector GDP. For the construction materials sector, ABRAMAT projects growth of around 1.5% in 2018 (compared to 2017).

In case of fiber-cement roofing panels, as a result of the migration from asbestos to synthetic fibers, Eternit is focusing efforts on seeking greater production efficiency and, consequently, expanding the availability of products for sale. In the concrete roofing tiles segment, the Company expects sales volume to improve through the B2C channel in the medium term as a result of the restructuring of the "Architects Club" program.

Eternit has been gradually increasing the utilization capacity of the Manaus unit, which produces and sells polypropylene fibers, and has been 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 both Brazil and abroad.

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

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 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.

In all of its operating segments, the Company seeks to maintain the level of operations in line with market demand. Efforts remain focused on recovering operating margin, on continuously reducing operating costs and expenses, and on adequate pricing of products in order to increase profitability in accordance with the restructuring plan.

On July 2, 2018, the Eternit Group presented the court-supervised reorganization plan that will be submitted to the Meeting of Creditors for approval. 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. As such, it was one way of preempting a possible situation in which the financial obligations of the Company could not be fulfilled, making its operations unfeasible.

Eternit will continue all its operations in an organized manner and with predefined deadlines and procedures, in coordination with all the parties involved in the restructuring process. These actions are aimed at protecting the Company's corporate interests, preserving its employees and ensuring 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 disclosure of its results for the second quarter of 2018.

Presentation: Rodrigo Lopes da Luz – Chief Financial, Administrative and Investor Relations Officer
Date: Friday, August 17, 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/2q18.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**

Eternit

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ETERNIT S.A. – under Court-Supervised Reorganization

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Current	**167,972**	**152,518**	**267,406**	**297,457**
Cash and cash equivalents	2,342	4,922	8,699	6,957
Short-term investments	-	2,838	-	21,805
Accounts receivable	43,415	57,493	108,864	141,897
Inventories	76,114	59,786	109,499	99,001
Taxes recoverable	4,879	7,293	12,240	12,637
Related parties	30,139	17,754	-	-
Other current assets	10,287	1,636	20,798	7,854
Noncurrent assets held for sale	796	796	7,306	7,306
Non-current	**298,481**	**227,960**	**327,593**	**266,165**
Judicial deposits	9,985	8,333	18,357	16,606
Taxes recoverable	24,693	24,578	38,796	34,846
Deferred income and social contribution taxes	27,666	27,666	43,732	45,525
Related parties	12,691	10,039	11,529	9,202
Other noncurrent assets	762	751	1,627	1,617
Investments	182,142	118,027	57,187	-
Property, Plant and Equipment (PP&E)	39,245	36,965	154,165	155,617
Intangible assets	1,297	1,601	2,200	2,752
Total assets	**466,453**	**380,478**	**594,999**	**563,622**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	06/30/18	12/31/17	06/30/18	12/31/17
Current liabilities	**152,145**	**68,115**	**209,225**	**148,779**
Trade accounts payable	23,880	18,877	36,845	27,084
Loans and financing	32,643	2,385	69,336	58,888
Related parties	21,016	7,153	91	89
Personnel expenses	17,754	9,588	28,219	15,916
Dividends and interest on equity	73	189	73	189
Provision for post-employment benefits	2,926	2,926	4,870	4,870
Taxes, charges and contributions payable	23,361	8,258	31,588	12,036
Restructuring provision	82	307	614	2,103
Other current liabilities	30,410	18,432	37,589	27,604
Non-Current	**189,641**	**141,861**	**261,075**	**244,333**
Loans and financing	-	-	32,100	38,570
Related parties	57,998	31,245	-	-
Taxes, charges and contributions payable	1,764	1,764	4,049	3,153
Labor obligations	450	450	1,308	1,308
Provision for tax, civil and labor risks	65,847	55,095	114,366	103,346
Provision for post-employment benefits	39,379	38,883	64,756	63,960
Deferred income tax and social contributions	-	-	20,293	19,572
Provision for decommissioning of mine	23,150	14,424	23,150	14,424
Other non-current liabilities	1,053	-	1,053	-
Equity	**124,667**	**170,502**	**124,699**	**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	69,163	69,084	69,163	69,084
Accumulated loss	(273,001)	(227,087)	(273,001)	(227,087)
Other comprehensive income	(25,032)	(25,032)	(25,032)	(25,032)
Equity attributable to controlling interests	**124,667**	**170,502**	**124,667**	**170,502**
Noncontrolling interests	-	-	32	8
Total liablities and equity	**466,453**	**380,478**	**594,999**	**563,622**

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

Income Statements

Corporate Law

R$ ´000	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net operating revenue	**68,404**	**96,037**	**(28.8)**	**75,508**	**(9.4)**	**143,912**	**205,996**	**(30.1)**
Cost of goods sold	(70,411)	(82,039)	(14.2)	(60,852)	15.7	(131,263)	(169,726)	(22.7)
Gross profit	**(2,007)**	**13,998**	**-**	**14,656**	**-**	**12,649**	**36,270**	**(65.1)**
Gross margin	***-3%***	***15%***	***- 18 p.p.***	***19%***	***- 22 p.p.***	***9%***	***18%***	***- 9 p.p.***
Operating income (expenses)[1]	**(32,047)**	**(29,629)**	**8.2**	**(21,135)**	**51.6**	**(53,182)**	**(53,681)**	**(0.9)**
Selling expenses	(9,917)	(9,879)	0.4	(7,526)	31.8	(17,443)	(21,194)	(17.7)
General and administrative expenses[2]	(13,033)	(13,480)	(3.3)	(12,003)	8.6	(25,036)	(23,964)	4.5
Other operating income (expenses), net	(9,097)	(6,270)	45.1	(1,606)	466.4	(10,703)	(8,523)	25.6
Operating income (expenses) before equity pickup (EBIT)	**(34,054)**	**(15,631)**	**117.9**	**(6,479)**	**425.6**	**(40,533)**	**(17,411)**	**132.8**
EBIT margin	***-50%***	***-16%***	***- 34 p.p.***	***-9%***	***- 41 p.p.***	***-28%***	***-8%***	***- 20 p.p.***
Equity pickup	1,921	(10,398)	-	(1,969)	-	(48)	(9,880)	(99.5)
Provision for restructuring and desmobilization	225	-	-	(551)	-	(326)	-	-
Financial income (expenses), net	**(2,868)**	**(2,481)**	**15.6**	**(2,139)**	**34.1**	**(5,007)**	**(4,896)**	**2.3**
Financial expenses	(3,640)	(3,679)	(1.1)	(2,838)	28.3	(6,478)	(7,971)	(18.7)
Financial income	772	1,198	(35.6)	699	10.4	1,471	3,075	(52.2)
Loss before income and social contribution taxes	**(34,776)**	**(28,510)**	**22.0**	**(11,138)**	**212.2**	**(45,914)**	**(32,187)**	**42.6**
Deferred (loss) income and social contributions taxes	-	5,419	(100.0)	-	-	-	6,141	(100.0)
Net loss for the year	(34,776)	(23,091)	50.6	(11,138)	212.2	(45,914)	(26,046)	76.3
Net margin	***-51%***	***-24%***	***- 27 p.p.***	***-15%***	***- 36 p.p.***	***-32%***	***-13%***	***- 19 p.p.***
EBITDA	**(30,892)**	**13,998**	**-**	**(8,180)**	**277.7**	**(39,072)**	**(19,959)**	**95.8**
EBITDA margin	***-45%***	***15%***	***- 60 p.p.***	***-11%***	***- 34 p.p.***	***-27%***	***-10%***	***- 17 p.p.***

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

Income Statements

Corporate Law

R$ ´000	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net operating revenue	**118,115**	**163,644**	**(27.8)**	**129,227**	**(8.6)**	**247,342**	**331,358**	**(25.4)**
Cost of goods sold	(99,347)	(121,735)	(18.4)	(92,487)	7.4	(191,834)	(236,505)	(18.9)
Adjuested cost of goods sold	(99,085)	(116,631)	(15.0)	(91,249)	8.6	(190,334)	(229,730)	(17.1)
Gross profit	**18,768**	**41,909**	**(55.2)**	**36,740**	**(48.9)**	**55,508**	**94,853**	**(41.5)**
Adjusted gross profit	**19,030**	**47,013**	**(59.5)**	**37,978**	**(49.9)**	**57,008**	**101,628**	**(43.9)**
Gross margin	***16%***	***26%***	***- 10 p.p.***	***28%***	***- 12 p.p.***	***22%***	***29%***	***- 7 p.p.***
Adjusted gross margin	***16%***	***29%***	***- 13 p.p.***	***29%***	***- 13 p.p.***	***23%***	***31%***	***- 8 p.p.***
Operating income (expenses)[1]	**(43,222)**	**(56,272)**	**(23.2)**	**(36,752)**	**17.6**	**(79,974)**	**(99,157)**	**(19.3)**
Selling expenses	(17,517)	(19,508)	(10.2)	(16,937)	3.4	(34,454)	(40,408)	(14.7)
General and administrative expenses[2]	(20,183)	(31,395)	(35.7)	(19,669)	2.6	(39,852)	(52,955)	(24.7)
Other operating income (expenses), net	(5,522)	(5,369)	2.8	(146)	3,682.2	(5,668)	(5,794)	(2.2)
Operating income (expenses) before equity pickup (EBIT)	**(24,454)**	**(14,363)**	**70.3**	**(12)**	**205,532.5**	**(24,466)**	**(4,304)**	**468.4**
EBIT margin	***-21%***	***-9%***	***- 12 p.p.***	***0%***	***- 21 p.p.***	***-10%***	***-1%***	***- 9 p.p.***
Equity pickup	(4,455)	(9,215)	(51.7)	(4,271)	4.3	(8,726)	(14,830)	(41.2)
Provision for restructuring and desmobilization	225	-	-	(551)	-	(326)	-	-
Operating income (expenses) before financial expenses (EBIT*)	***(28,684)***	***(23,578)***	**21.7**	***(4,834)***	**493.4**	***(33,518)***	***(19,134)***	**75.2**
Financial income (expenses), net	**(3,688)**	**(4,414)**	**(16.4)**	**(4,572)**	**(19.3)**	**(8,260)**	**(8,962)**	**(7.8)**
Financial expenses	(15,388)	(9,463)	62.6	(12,280)	25.3	(27,668)	(20,312)	36.2
Financial income	11,700	5,049	131.7	7,708	51.8	19,408	11,350	71.0
Loss before income and social contribution taxes	**(32,372)**	**(27,992)**	**15.6**	**(9,406)**	**244.2**	**(41,778)**	**(28,096)**	**48.7**
Current (loss) income and social contributions taxes	(1,147)	(284)	303.9	(1,196)	(4.1)	(2,343)	(4,316)	(45.7)
Deferred (loss) income and social contributions taxes	(1,257)	5,185	-	(536)	134.5	(1,793)	6,366	-
Net loss for the period	**(34,776)**	**(23,091)**	**50.6**	**(11,138)**	**212.2**	**(45,914)**	**(26,046)**	**76.3**
Adjusted Net loss for the period	(32,904)	(13,183)	149.6	(9,957)	230.5	(42,861)	(14,144)	203.0
Adjusted Net margin	***-28%***	***-8%***	***- 20 p.p.***	***-8%***	***- 20 p.p.***	***-17%***	***-4%***	***- 13 p.p.***
Loss per share, basic and diluted - R$	(0.1943)	(0.1290)		(0.0622)		(0.2566)	(0.1456)	
EBITDA	**(26,570)**	**(14,186)**	**87.3**	**(1,667)**	**1,494.0**	**(28,237)**	**(551)**	**5,024.7**
EBITDA margin	***-22%***	***-9%***	***- 13 p.p.***	***-1%***	***- 21 p.p.***	***-11%***	***0%***	***- 11 p.p.***
Adjusted EBITDA	**(19,279)**	**10,041**	**-**	**4,393**	**-**	**(14,886)**	**30,962**	**-**
Adjusted EBITDA Margin	***-16%***	***6%***	***- 22 p.p.***	***3%***	***- 19 p.p.***	***-6%***	***9%***	***- 15 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	
	06/30/18	06/30/17	06/30/18	06/30/17
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	**(45,914)**	**(32,187)**	**(41,778)**	**(28,096)**
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	48	9,880	8,726	14,830
Depreciation and amortization	1,016	7,332	5,281	18,583
Gain (loss) on disposal of property, plant and equipment and intangible assets	(716)	20	(716)	(243)
Write-off of judicial deposits	17	2,986	63	2,846
Allowance for doubtful accounts	1,188	875	1,520	1,256
Provision for impairment of net realizable value	187	317	857	7
Provision for tax, civil and labor risks	10,104	1,676	10,390	4,005
Provision for post-employment benefits	1,959	2,155	3,231	2,910
Provision for decommissioning of mine	-	-	721	677
Provision for restructuring	(450)	-	101	-
Provision for granting	(267)	-	(316)	-
Loss on disposal of investments	14	-	-	-
Financial charges, and monetary and exchange variations	1,232	1,143	7,683	1,751
Short-term investment yield	(31)	(118)	(343)	(322)
Net changes in prepaid expenses	4,158	1,385	6,206	1,816
	(27,455)	**(4,536)**	**1,626**	**20,020**
Decrease (increase) in operating assets:				
Accounts receivable	12,890	15,362	32,702	7,557
Related parties	1,222	(2,048)	13,567	(1,582)
Inventories	(11,614)	7,313	(11,355)	7,585
Taxes recoverable	2,484	5,425	(2,820)	4,216
Judicial deposits	(1,021)	102	(1,183)	21
Dividends and interest on equity received	-	12,763	-	-
Other assets	(12,810)	(2,680)	(19,150)	(4,973)
Increase (decrease) in operating liabilities				
Trade accounts payable	5,003	(7,173)	9,761	(10,459)
Related parties	8,963	(15,066)	2	-
Taxes, charges and contributions payable	14,799	(1,219)	18,009	(3,138)
Personnel expenses	8,166	65	12,303	(1,330)
Payment of contingencies	-	(1)	-	(1)
Post-employment benefits	(1,463)	(1,592)	(2,435)	(2,557)
Restructuring expenses	225	-	(1,590)	-
Other liabilities	662	929	(1,044)	2,169
Cash provided by operating activities	**51**	**7,644**	**48,393**	**17,528**
Interest paid	(202)	(478)	(1,163)	(3,750)
Income and social contribution taxes paid	-	-	(534)	(7,891)
Net cash provided by operating activities	**(151)**	**7,166**	**46,696**	**5,887**
Cash flow from investing activities				
Intercompanies loans	(15,990)	9,953	(15,688)	10,753
Amount received on disposal of PP&E items	801	37	801	384
Additions to PP&E and intangible assets	(3,077)	(1,985)	(3,362)	(2,468)
Additions to investments	(14,328)	(10,659)	(14,328)	(10,659)
Short-term investments	(6,300)	(33,000)	(58,220)	(49,682)
Redemption of short-term investments	9,174	33,121	80,401	48,163
Net cash used in investing activities	**(29,720)**	**(2,533)**	**(10,396)**	**(3,509)**
Cash flows from financing activities				
Loans and financing raised	648	-	64,204	61,219
Repayment of loans and financing	(820)	(6,400)	(98,762)	(64,445)
Intercompanies loans	50,200	850	-	-
Repayment of intercompanies loans	(22,737)	-	-	-
Net cash used in financing activities	**27,291**	**(5,550)**	**(34,558)**	**(3,226)**
Increase (Decrease) in cash and cash equivalents	**(2,580)**	**(917)**	**1,742**	**(848)**
At beginning of period	4,922	3,365	6,957	5,143
At end of period	2,342	2,448	8,699	4,295
Decrease (Increase) in cash and cash equivalents	**(2,580)**	**(917)**	**1,742**	**(848)**