Eternit

São Paulo, August 11, 2020 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, "Company") announces today the results for the second quarter of 2020 (2Q20). *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 International Financial Reporting Standards (IFRS). All comparisons in this press release are with the second quarter of 2019 (2Q19), except where stated otherwise.*

Net Revenue grows 19% and gross margin reaches 20% in 2Q20

2Q20

Listing Segment

Novo Mercado of B3

Share Price ETER3 (06/30/2020)

R$/share 3.58

Shareholders Base (06/30/2020)

Shares issued 31,773,929
Free Float 99.1%

Market Cap (06/30/2020)

R$113.8 million

Book Value Per Share (06/30/2020)

R$1.31

Conference Call/Webcast

August 12, 2020, Time: 3:00 p.m. (Brasília)

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Webcast:
www.eternit.com.br/ri or
https://choruscall.websiteseguro.com/eternit/2t20.htm

Talk to IR

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Highlights

- **Consolidated net revenue up 19%** in 2Q20 vs. 2Q19.
- **Gross margin in 2Q20 reached 20%,** 12 p.p. higher than in 2Q19.
- **Fiber-Cement sales grow 14% in 2Q20** compared to 1Q20.
- **Adjusted EBITDA was a surplus of R$7.5 million in 2Q20**, reversing a deficit of R$5.6 million in 2Q19.
- **R$46.6 million raised** for the **Photovoltaic Roofing Tiles and Fiber-Cement Modernization** projects through capital increase by private subscription (event subsequent to the reporting period).
- Commissioning of the **photovoltaic roofing tiles** unit at the Atibaia site.

Main Indicators

Consolidated - R$ `000	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Gross revenues	**173,463**	**155,255**	**11.7**	**146,786**	**18.2**	**320,249**	**311,894**	**2.7**
Net revenues	**139,195**	**117,005**	**19.0**	**113,636**	**22.5**	**252,831**	**240,685**	**5.0**
Gross profit	28,274	9,766	189.5	19,770	43.0	48,044	29,793	61.3
Adjusted Gross margin	*20%*	*8%*	*12 p.p.*	*17%*	*3 p.p.*	*19%*	*12%*	*7 p.p.*
Operating loss/income (EBIT) [1]	22,327	(25,040)	-	(8,618)	-	13,709	(44,786)	-
Net income (loss) for the period	**12,557**	**(29,534)**	**-**	**(14,856)**	**-**	**(2,299)**	**(54,998)**	**(95.8)**
EBITDA Margin	*9%*	*-25%*	*34 p.p.*	*-13%*	*22 p.p.*	*-1%*	*-23%*	*22 p.p.*
Adjusted Net income (loss) for the period	**(534)**	**(22,345)**	**(97.6)**	**(11,577)**	**(95.4)**	**(12,111)**	**(44,243)**	**(72.6)**
Adjusted Net margin	*0%*	*-19%*	*19 p.p.*	*-10%*	*10 p.p.*	*-5%*	*-18%*	*13 p.p.*
Earnings (loss) per share - R$	0.3953	(0.9903)		(0.4677)		(0.0724)	(1.8441)	(96.1)
EBITDA [2]	**27,328**	**(21,148)**	**-**	**(4,728)**	**-**	**22,600**	**(37,173)**	**-**
EBITDA Margin	*20%*	*-18%*	*38 p.p.*	*-4%*	*24 p.p.*	*9%*	*-15%*	*24 p.p.*
Adjusted EBITDA	**7,493**	**(5,643)**	**-**	**240**	**3,023.2**	**7,733**	**(13,440)**	**-**
Adjusted EBITDA Margin	*5%*	*-5%*	*10 p.p.*	*0%*	*5 p.p.*	*3%*	*-6%*	*9 p.p.*

[1] *Before financial results.*

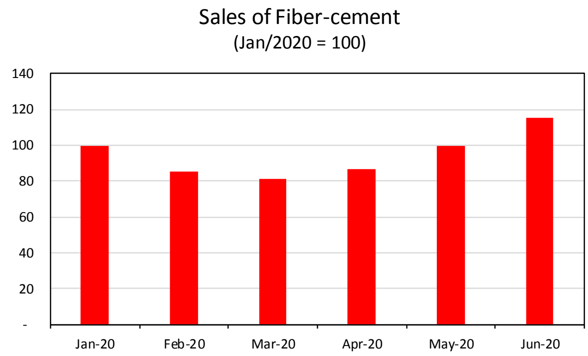
[2] *Operating income before interests, taxes, depreciation and amortization*

Management Comments

The second quarter of 2020 was marked by social distancing measures in response to the COVID-19 pandemic, with Eternit having already devised an emergency plan for its operations by applying the Federal Government's Provisional Presidential Decrees (MP 936/2020 and MP 927/2020) to surmount this global crisis, while focusing on its business sustainability and preserving jobs. Against this background, the Company focused its actions on the health and safety of its employees, management of working capital and on containing costs and expenses:

- Monitoring its employees and establishing protective measures at its units, such as the home office arrangement, physical distancing, reinforcement of hygiene practices, etc.;
- Regarding employees directly working on production (direct workforce), the Company, after adjusting production level to the new scenario of demand, granted early vacations in March and, after the publication of MP 936 in April, suspended the employment contracts for a part of its workforce;
- A 25% cut in wages and working hours in May and June for all employees not directly involved in industrial operation, including members of Management;
- Review of credit approval processes to prevent a sharp increase in delinquency, which remained at pre-pandemic levels;
- Capital increase by private subscription to preserve the investments program in light of the macroeconomic scenario resulting from the pandemic;
- Extension of the installment payment program from July to December 2020 of the loan from Banco da Amazônia S.A., a Class II creditor of the Court-Supervised Reorganization Plan, pursuant to Resolution 4,798 of the Central Bank of Brazil, totaling R$3.2 million.

As a result of the pandemic, operational performance in the domestic market was severely affected in March and April, with the Fiber-Cement segment recovering during the quarter to end 2Q20 with monthly sales above the pre-pandemic period.



On the other hand, the downturn in the bathroom chinaware and concrete roofing tiles segments persisted throughout the quarter, aggravating in particular the negative results recorded in prior periods by Companhia Sulamericana de Cerâmica ("CSC"). Accordingly, the Company decided to shut down the bathroom chinaware unit in late April, discontinuing the business recovery efforts and giving priority to strengthening its financial health.

The Company raised R$46.6 million, or approximately 99.5% of the maximum amount approved by the Board of Directors, through the capital increase by issuing shares for private subscription. The proceeds will be allocated to the following investment projects:

i. Photovoltaic Roofing Tiles – to showcase its pioneering technology, the company is installing a pilot production unit at its Atibaia site, with production capacity of 10.8 MW/a in photovoltaic energy generation. The funds earmarked for building the plant, rolling out pilot projects for product application and R&D expenses amount to R$5.8 million. The initial lots produced will be shipped to pilot projects at strategic clients in diverse segments and regions across the country to verify the performance and durability of the product in real applications. Sales of roofing tiles are scheduled for 2021.

ii. Fiber-Cement Modernization Program – R$40.8 million will be allocated for modernizing the fiber-cement industrial facility, covering the production of roofing tiles, molded products, construction systems and polypropylene fibers, giving priority to efficiency gains, higher productivity, product quality and lower costs.

As for the Court-Supervised Reorganization Plan, the auctions of assets listed for divestments are scheduled for the second half of 2020 and include the sale of CSC and ten non-operational properties, which are valued at least about R$109 million.

Economy and Market

The year 2020 started with a gradual recovery in Brazil's economic scenario, with a slight improvement in the main consumer and industry confidence indices, then suffering major impacts after the onset of the COVID-19 global pandemic in mid-March.. Due to the temporary shutdown of activity in diverse sectors of the economy to contain the advance of the pandemic and the uncertainties regarding the resumption of activities, the second quarter was marked by a scenario of uncertainties. However, starting from May, many cities around the country launched procedures to relax lockdown measures. According to Brazil's Monetary Policy Committee (Copom), data of daily and weekly frequencies suggest that economy activity reached its lowest level in April, though recovering slightly in May and June[1].

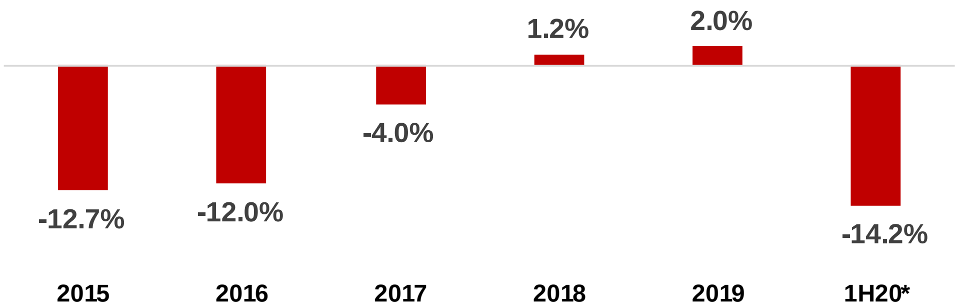
The scenario in 2Q20 was one of economic contraction, which reflected in higher unemployment rate in the quarter ended May (12.9%[2]) and lower forecasts for Brazil's GDP, signaling a drop of -5.77%[3] in 2020. As a social security measure, the Federal Government rolled out the emergency aid plan, granting three monthly payments of R$600 per beneficiary, which was estimated to cost it R$154 billion in 2Q20[4], helping around 79.9 million people.

In the construction sector, the impacts of the pandemic were less severe than in other sectors as the construction material stores were kept open since the activity was listed as essential in most cities and the highly fragmented injection of funds in the economy by the Federal Government's emergency aid plan. According to the Cielo Broad Retail Index (ICVA), the construction material sector posted growth of 4.1%[5] from March to July, compared to the same period last year due to sales for minor renovation works. It is important to note that, at the end of March, the same index saw a downturn of 59.7%[5] and only began to recover since May.

The Brazilian Construction Materials Industry Association (ABRAMAT), which monitors the performance of industries in the sector, forecasts a 14.2%[6] drop in 1H20 compared to 1H19, from the impacts of the pandemic, but informs that there already are signs of recovery for the second half of the year, showing that the sector's worst moment amid crisis may be already over.

National construction material revenue

not adjusted for inflation - ABRAMAT



*estimated

[1] BACEN: Inflation Report – 6/25/2020
[2] IBGE: Brazilian Institute of Geography and Statistics – 6/30/2020
[3] BACEN: Focus Survey – 7/24/2020
[4] Senate News Article; 5/7/2020; www12.senado.leg.br
[5] Cielo | ICVA – Cielo Broad Retail Index – Period from Mar/1/20 to Jul/18/20
3 ABRAMAT: SEGS – 7/13/2020

Eternit

Operational and Financial Aspects

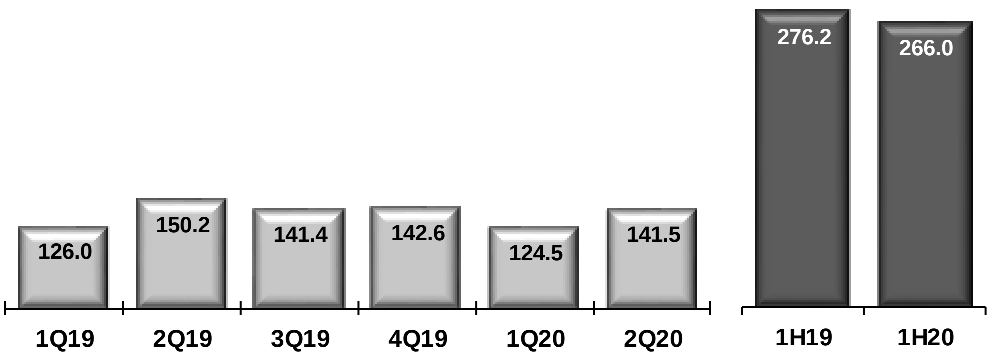
Sales volume

ETERNIT - Fiber-cement

Roofing panels

Sales of fiber-cement roofing panels started the year on a bright note, as reported in 1Q20, but were impacted by the economic downturn since late March. As such, sales volume in 2Q20 fell 5.8% from the same period last year and 3.7% in the year in relation to 1H19. However, the sales growth of 13.7% in 2Q20 vs 1Q20 is noteworthy.

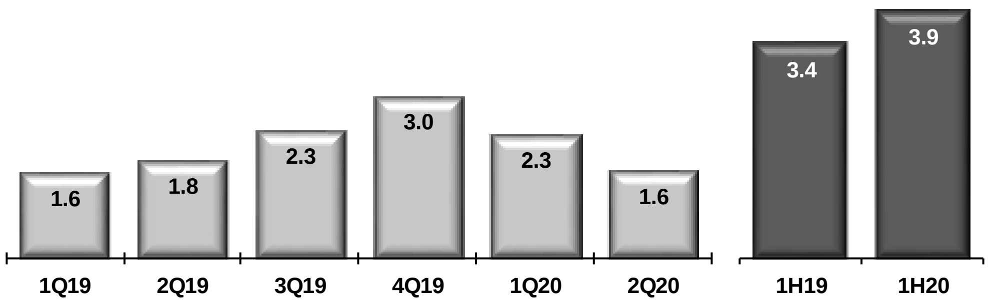
Sales of Fiber-cement (thous. Tons.)



Construction systems

In 2Q20, sales volume of construction systems (cement cladding panels and wall cladding panels) was also impacted by the pandemic, declining 10.2% from 2Q19. Despite the scenario observed in the quarter, sales volume in 1H20 grew 15.2% from 1H19, in line with the company's strategy to diversify its product line.

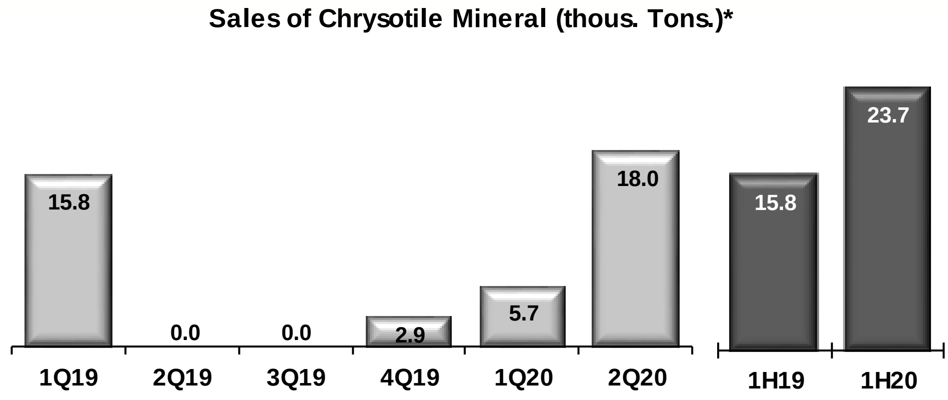
Sales of Construction Systems (thous. Tons.)



SAMA - Chrysotile

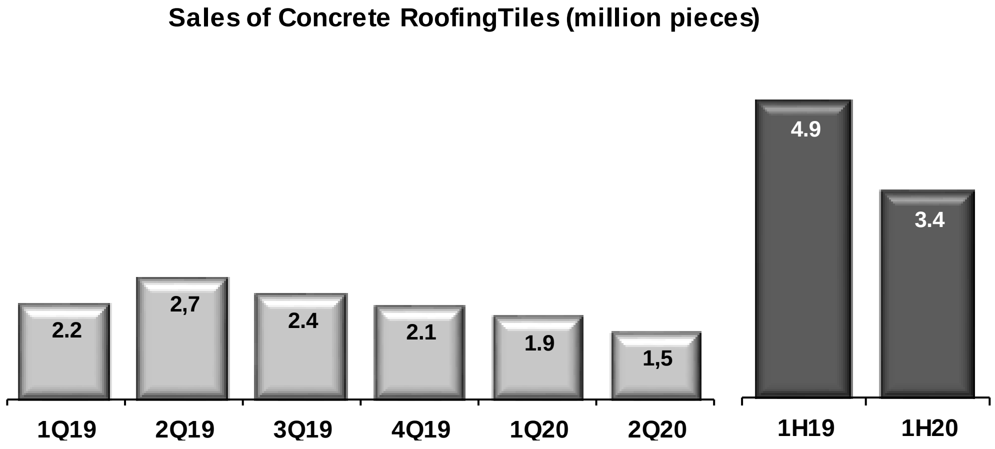
On February 11, 2019, SAMA's operations had been suspended after the publication of the appellate decisions from the Supreme Court ("STF") on ADI no. 3,406, which ordered the Company to hibernate its assets and subsequently terminate all its employees, as disclosed on May 31, 2019. SAMA's property, plant and equipment were kept ready to resume production, under the management of an Eternit Group team, awaiting the STF's analysis of the motions for clarification filed by the organization representing the industry on February 8, 2019.

With the enactment of Goiás State Law 20,514 on July 16, 2019, regulated by Decree 9,518 of September 24, 2019, which authorizes the extraction and processing of chrysotile asbestos exclusively for export purposes, on February 11, 2020, SAMA started processing the remaining ore available at its facilities, which had been extracted prior to the suspension of its operations. Thus, 18,000 tons of chrysotile asbestos fiber obtained from this operation were exported in 2Q20. In 1H20, volume exported grew 49.7% as against 1H19.



TÉGULA - Concrete roofing tiles

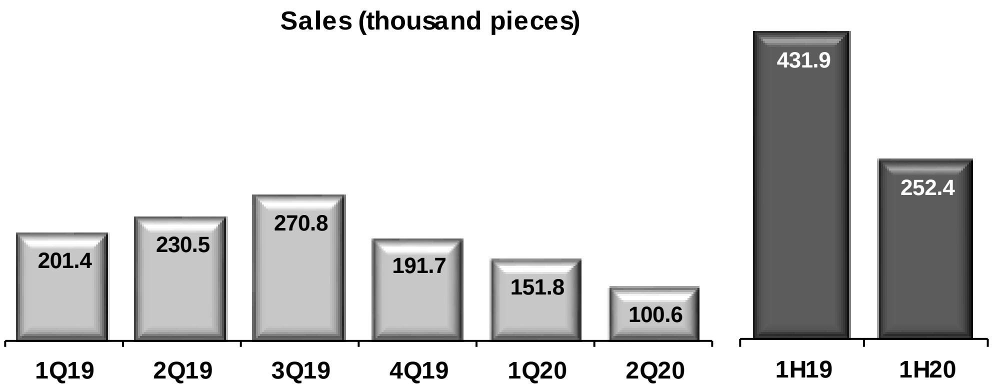
Sales of concrete roofing tiles in 2Q20 fell 43.8% from 2Q19 and by 30.5% in 1H20 vs. 1H19, reflecting the weak performance of this segment and the negative impact of the pandemic.



CSC – Bathroom Chinaware

In light of consecutive negative results and the impacts of the pandemic, on April 22, 2020, the Company announced the paralyzation of industrial operations of Companhia Sulamericana de Cerâmica. The industrial unit will be divested, pursuant to item 52 of the Court-Supervised Reorganization Plan, with inventories being realized until depleted.

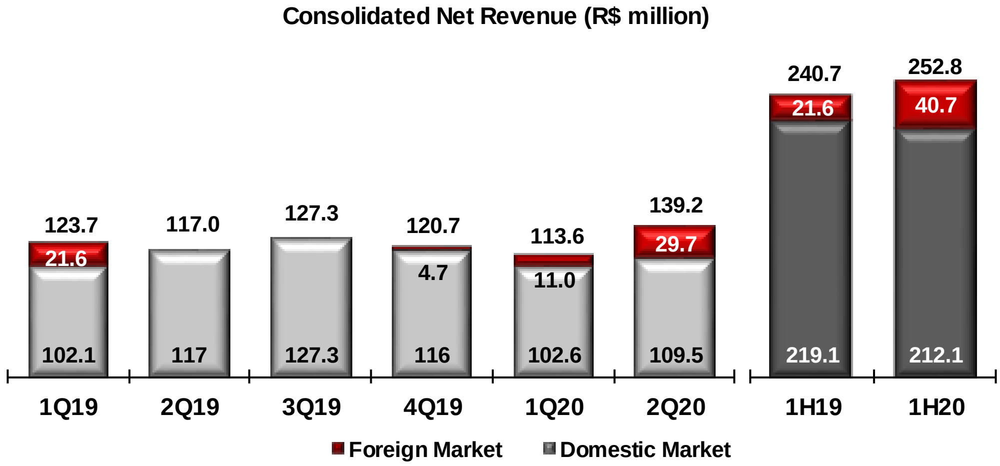
In this context, bathroom chinaware sales dropped 56.3% in 2Q20 from 2Q19.



Net Revenue

Net revenue totaled R$139.2 million in 2Q20, up 19% from 2Q19, reflecting the healthy performance by fiber-cement despite the economic downturn caused by the impacts of COVID-19, and SAMA's exports.

Net revenue in 1H20 was R$252.8 million, increasing 5% from 1H19.



Costs of Goods and Products Sold

Costs of goods and products sold totaled R$110.9 million in 2Q20, up 3.4% from 2Q19, mainly due to exports. Gross margin in the period reached 20%, 12 p.p. higher than in 2Q19.

In 1H20, costs of goods and products sold declined 29% in relation to 1H19, with gross margin of 19%, 7 p.p. above the prior year.

R$ ´000	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Net Revenue	139,195	117,005	19.0	113,636	22.5	252,831	240,685	5.0
Cost of goods sold	**(110,921)**	**(107,239)**	**3.4**	**(93,866)**	**18.2**	**(204,787)**	**(210,892)**	**(2.9)**
Gross Profit	28,274	9,766	189.5	19,770	(99.0)	48,044	29,793	61.3
Gross Margin	*20%*	*8%*	*12 p.p.*	*17%*	*3 p.p.*	*19%*	*12%*	*7 p.p.*

Operating Expenses

Operating expenses totaled R$5.9 million in 2Q20, 80.3% down from 2Q19, as a result of accounting for net adjustment impairment of property, plant and equipment under "Other operating income (expenses)" totaling R$23.8 million.

The sum of "Selling expenses" and "General and administrative expenses", inherent to the operational activities, rose 4.2% in 2Q20 vs. 2Q19, mainly due the consolidation of CSC's expenses starting in 3Q19, since previously its result was calculated by the equity method. In the year, despite the CSC effect throughout the first half, operating expenses fell 2.2% due to lower selling expenses.

In R$ '000	2Q20	2Q19	Chg. %	1Q20	Chg. %	1H20	1H19	Chg. %
Selling expenses	(12,526)	(13,243)	(5.4)	(10,624)	17.9	(23,150)	(26,969)	(14.2)
General and administrative expenses*	(15,606)	(13,752)	13.5	(18,448)	(15.4)	(34,054)	(31,499)	8.1
Other operating revenues (expenses), net	22,185	(3,198)	-	684	3,143.4	22,869	(8,673)	-
Total operating expenses	**(5,947)**	**(30,193)**	**(80.3)**	**(28,388)**	**(79.1)**	**(34,335)**	**(67,141)**	**(48.9)**

* Includes Management Compensation.

Financial Result

Net financial result was an expense of R$5.1 million, increasing 19.2% compared to 2Q19, due to: (i) bankruptcy financial expenses resulting from the accounting of interest on the bankruptcy debt as from the approval of the Court-Supervised Reorganization Plan in June 2019; (ii) fine on the installment payment plan for income tax; and (iii) interest on the extension of payment terms to suppliers due to the COVID-19 pandemic.

Financial expenses were up 14.7% in 1H20 compared to 1H19, due to the factors mentioned above.

In R$ '000	2Q20	2Q19	Chg. %	1Q20	Chg. %	1H20	1H19	Chg. %
Financial expenses - bankruptcy-related debt	(1,378)	(782)	76.2	(1,626)	(15.3)	(3,004)	(782)	284.2
Others Financial expenses	(7,394)	(3,783)	95.5	(2,611)	183.2	(10,005)	(9,641)	3.8
Financial income	550	493	11.6	303	81.5	853	1,493	(42.9)
Exchange variation	3,157	(178)	-	(1,662)	-	1,495	(366)	-
Net financial result	**(5,065)**	**(4,250)**	**19.2**	**(5,596)**	**(9.5)**	**(10,661)**	**(9,296)**	**14.7**

EBITDA

EBITDA in 2Q20 was a surplus of R$27.3 million, compared to losses of R$21.1 million in 2Q19 and R$4.7 million in 1Q20, reflecting the healthy operating performance by the fiber-cement segment, the Company's core business, as well as SAMA's exports. Adjusted EBITDA, excluding non-recurring events, was a surplus of R$7.5 million, reversing a deficit of R$5.6 million in 2Q19.

In 1H20, EBITDA amounted to R$22.6 million and Adjusted EBITDA stood at R$7.7 million, compared to losses of R$37.2 million and R$13.4 million, respectively, in 1H19.

Reconciliation of consolidated EBITDA (R$'000)	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Net Income (loss)	**12,557**	**(29,534)**	**-**	**(14,856)**	**-**	**(2,299)**	**(54,998)**	**(95.8)**
Income tax and social contributions	4,705	244	1,828.3	642	632.9	5,347	916	483.7
Net financial Income	5,065	4,250	19.2	5,596	(9.5)	10,661	9,296	14.7
Depreciation and amortization	5,001	3,892	28.5	3,890	28.6	8,891	7,613	16.8
EBITDA[1]	**27,328**	**(21,148)**	**-**	**(4,728)**	**-**	**22,600**	**(37,173)**	**-**
EBITDA Margin	*20%*	*-18%*	*38 p.p.*	*-4%*	*24 p.p.*	*9%*	*-15%*	*24 p.p.*
Equity pickup	-	4,613	(100.0)	-	-	-	7,438	(100.0)
Non-recurring events								
Restructuring	77	148	(47.9)	701	(89.0)	778	338	130.1
Expenses related to the judicial recovery	698	374	86.6	420	(73.2)	1,117	877	27.4
Production interruption of SAMA	-	9,367	(100.0)	3,083	(100.0)	3,083	14,077	(78.1)
Production interruption of Precon	77	1,003	(92.3)	765	(90.0)	842	1,003	(16.1)
Production interruption of CSC	9,132	-	-	-	-	9,132	-	-
Fixed Assests Impairment	(23,750)	-	-	-	-	(23,750)	-	-
Recovery of tax credits at CSC	(5,100)	-	-	-	-	(5,100)	-	-
Capital gain - sale of fixed assets	(969)				-	(969)		
Recurring and Adjusted EBITDA[2]	**7,493**	**(5,643)**	**-**	**240**	**3,023.2**	**7,733**	**(13,440)**	**-**
Adjusted EBITDA Margin	*5%*	*-5%*	*10 p.p.*	*0%*	*5 p.p.*	*3%*	*-6%*	*9 p.p.*

[1] Consolidated EBITDA includes the results of the joint venture Companhia Sulamericana de Cerâmica (CSC) up to 2Q19, 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 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, as well as non-recurring events.

Net Income (Loss)

Eternity posted net income of R$12.6 million in 2Q20, reversing the net losses of R$29.5 million in 2Q19 and R$14.9 million in 1Q20. Excluding the non-recurring events, adjusted net loss amounted to R$534,000, as against losses of R$22.3 million in 2Q19 and R$11.6 million in 1Q20. In the year, net loss amounted to R$2.3 million, compared to net loss of R$55 million in 1H19 In the same period, adjusted net loss amounted to R$12.1 million, compared to adjusted net loss of R$44.2 million in 1H19.

Consolidated Net Income (loss) (R$'000)	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Net Income (loss)	**12,557**	**(29,534)**	**-**	**(14,856)**	**-**	**(2,299)**	**(54,998)**	**(95.8)**
Net Margin	*9%*	*-25%*	*34 p.p.*	*-13%*	*22 p.p.*	*-1%*	*-23%*	*22 p.p.*
Non-recurring events								
Restructuring	77	148	(47.9)	701	(89.0)	778	338	130.1
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Production interruption of Precon	77	1,003	(92)	765	(90.0)	842	1,003	(16)
Production interruption of CSC	9,132	-	-	-	-	9,132	-	-
Fixed Assests Impairment	(23,750)	-	-	-	-	(23,750)	-	-
Recovery of tax credits at CSC	(5,100)	-	-	-	-	(5,100)	-	-
Capital gain - sale of fixed assets	(969)	-	-	-	-	(969)	-	-
Effect of Income and social contributions taxes*	6,744	(3,703)	-	(1,689)	-	5,055	(5,540)	-
Adjusted Net income (loss) for the period	**(534)**	**(22,345)**	**(97.6)**	**(11,577)**	**(95.4)**	**(12,111)**	**(44,243)**	**(72.6)**
Adjusted Net margin	*0%*	*-19%*	*19 p.p.*	*-10%*	*10 p.p.*	*-5%*	*-18%*	*13 p.p.*

** Impact on Income Tax/Social Contribution (34%) on non-recurring events*

Bank debt

Eternit ended June 30, 2020, with gross bank debt of R$96.9 million, which includes working capital lines and installments of the bankruptcy-related debt owed to banks.

In June, the Company raised R$46.6 million from a capital increase and, following the reduction of short-term loans and an increase in cash equivalents, net debt decreased R$42.2 million compared to December 31, 2019.

DEBT - R$ ´000	06/30/20	12/31/19	% Chg.	03/31/20	% Chg.
Short- term gross debt	31,875	49,812	-36.0%	59,333	-46.3%
Long-term gross debt	65,027	63,762	2.0%	64,394	1.0%
Total gross debt	**96,902**	**113,574**	**-14.7%**	**123,727**	**-21.7%**
(-) Cash and cash equivalents	34,862	9,358	272.5%	10,866	220.8%
(-) Cash and short-term investments	**34,862**	**9,358**	**272.5%**	**10,866**	**220.8%**
Net debt	**62,040**	**104,216**	**-40.5%**	**112,861**	**-45.0%**

The bank debt profile on June 30, 2020 was: 13.3% in foreign currency and 86.7% in local currency. Bank debt in foreign currency results from advances on foreign exchange delivered (ACE) operations derived from exports, hedged by trade receivables.

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), booked under diverse Balance Sheet lines. Following the haircut and the property, plant and equipment given in payment, bankruptcy-related debt amounted to R$143.2 million and US$1.3 million (R$6.9 million) on June 30, 2020, for a total of around R$150 million.

Class	Balance approved in CSR Plan	Discounts obtained	Debt charges	New authorized debts (disabled)	Payments made/ Assets given in payment*	Assets given in payment	Final balance
Class I – Labor Creditors – R$ '000	6,466	-	-	628	(6,647)	-	447
Class II – Creditors with Security Interest – R$ '000	36,225	-	2,683	-	-	-	38,908
Class III – Unsecured Creditors							
Option A – R$ '000	107,672	(17,314)	3,349	(995)	(1,705)	(40,400)	50,607
Option A – US$ '000	953	-	-	(631)	-	-	322
Option B – R$ '000	87,208	(40,964)	2,462	-	(3)	-	48,703
Option B – US$ '000	1,696	(763)	-	-	-	-	933
Class IV – Micro and Small Company Creditors – R$ '000	4,612	-	184	-	(282)	-	4,514
Total - R$ '000	**242,183**	**(58,278)**	**8,678**	**(367)**	**(8,637)**	**(40,400)**	**143,179**
Total - US$ '000	**2,649**	**(763)**	**-**	**(631)**	**-**	**-**	**1,255**

(*) Includes escrow deposits of amounts allocated for settlement of Class I

Capex

Capex of Eternit and its subsidiaries in 1H20 totaled R$4.1 million, earmarked for modernizing the Group's industrial facilities and, particularly, the project for manufacturing photovoltaic roofing tiles.

Note that the capital increase approved on July 7, 2020, raised approximately R$46.6 million, which was allocated to the Photovoltaic Roofing Tiles Project (R$5.8 million) and the Fiber-Cement Modernization Program (R$40.8 million).

A total of R$2.6 million was invested in the Photovoltaic Roofing Tiles project until June 30, 2020, including expenses incurred in 2019 to acquire equipment.

Divestment of rotomolding line

As announced in the Material Fact notice of June 1, 2020, the Company sold its rotomolding line for the production of polythene water tanks, located in Rio de Janeiro, whose operations were shut down on June 1, 2019. The transaction amount was R$1.7 million.

The decision to divest the asset is aligned with the Company's strategy of focusing on its core business of fiber-cement roofing panels.

Court-Supervised Reorganization

The court-supervised reorganization is part of the restructuring plan of the Company and its subsidiaries and is designed to establish a resilient foundation for the coming years, marked by modernity, innovation and focus on the profitability of its business.

Since the approval of the Court-Supervised Reorganization Plan ("CSRP") on June 11, 2019, the Company has been strictly complying with its obligations established in the plan, having settled a total of R$49 million up to June 30, 2020, broken down as follows: R$40.4 million in assets of the subsidiary PREL given in payment, as shown in the table of the "Bankruptcy-related Debt" above.

As established in the CSRP, the following assets will be sold through auctions to pay creditors and reinforce the Company's working capital:

- Class III/Option A: (i) property in Aparecida de Goiânia (minimum price: R$ 30.6 million); and (ii) property in Goiânia (minimum price: R$66.8 million);
- Class III/Option B: Companhia Sulamericana de Cerâmica unit (minimum price: R$54 million);
- Working capital replenishment: Diverse properties in São Paulo, Goiás, Bahia, Rio Grande do Sul and Paraná (minimum price: R$11.5 million).

Capital Markets and Ownership Structure

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

Eternit shares ended June 30, 2020 quoted at R$3.58/share, resulting in a market cap of R$113.8 million.

With fragmented ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for approximately 77% of the shareholder base on June 30, 2020, while clubs, investment funds and foundations accounted for 19% and foreign investors and corporate shareholders 4%. On the same date, only two shareholders held more than 5% interest in the capital stock, with an aggregate interest of 18.8% of the total capital stock.

In July, the Company disclosed Notices to the Market informing about three shareholders reaching significant ownership interest through the subscription of shares, following the Capital Increase approved on July 7, 2020. Visit the Company's website IR for more information.

Events Subsequent to the Reporting Period

Processing of Mineral Available for Extraction

As per the Material Fact notice published on July 7, 2020, the Company informed that it is processing the mineral available for extraction at SAMA's facilities, in accordance with Goiás State Law 20,514 of July 16, 2019, regulated by Decree 9,518, of September 24, 2019, which authorize the extraction and processing of chrysotile asbestos exclusively for export purposes.

The processing of mineral available for extraction will be temporary in nature and does not mean the resumption of mining operations, and will result in exports of around 100,000 tons of fiber.

Capital Increase

On April 28, 2020, the Board of Directors approved the Capital Increase within the Authorized Capital, for private subscription, ensuring the preemptive rights of the Company's shareholders in the subscription of new shares, as established in article 5, paragraph 1 of the Bylaws.

The Capital Increase allocated funds to two investment programs: (i) Photovoltaic Project (R$5.8 million); and (ii) Fiber-Cement Modernization Program (R$41 million).

The Capital Increase approved was at least R$9.36 million and not more than R$46.8 million, through the private issue of at least 4,000,000 and not more than 20,000,000 registered, common shares with no par value, at the issue price of R$2.34 per share.

After calculating the results of shares subscribed to during the periods for exercising preemptive rights, the unsubscribed shares and withdrawals, the final Capital Increase involved the private subscription of 19,901,626 common shares, totaling R$46,569,804.84, corresponding to 99.5% of the maximum amount, thus achieving the minimum subscription. As such, the Board of Directors approved, on July 7, 2020, the partial ratification of the Capital Increase resulting in the issue of these new shares and the cancellation of unsubscribed shares.

Due to the ratification of the Capital Increase, the Company's capital stock is now R$385,536,684.52, divided into 51,675,555 registered common shares without par value, thereby requiring the amendment of the Company's Bylaws at the next Shareholders Meeting.

COVID-19 impacts

The Company is monitoring the possible risks inherent to COVID-19 that may affect its operations. So far, there has been no significant change in the supply of inputs, financial assets and other equity accounts, apart from any liquidity, default or other corporate risks, as disclosed in note 2.3 of the Financial Statements of July 30, 2020, except for the impairment of inventories and plant, property and equipment assets due to the shutdown of operations at CSC.

Due to the volatility of the markets and the dynamic of each business, impacts are still expected over the coming quarters but are difficult to be measured at this time due to market uncertainties.

We continue to monitor the overall scenario, taking the appropriate measures and reiterating our commitment to the safety of all employees, clients and other stakeholders.

ICMS tax credit over PIS and COFINS calculation base

Through writ of mandamus no. 5001616-40.2017.4.03.6100, Eternit S.A. obtained a favorable final and unappealable decision that allowed the exclusion of ICMS from the PIS and COFINS calculation base. Said decision allowed the Group to offset the amounts of said taxes, adjusted by the SELIC rate in accordance with Decision no. 721/2020 issued by Brazil’s Revenue Service on July 16, 2020. As such, in July 2020, the company booked in its financial statements the amount of R$20,135 thousand regarding such credits, which will be offset “a posteriori”.

ETERNIT S.A. – under Court-Supervised Reorganization

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Current	**138,346**	**140,016**	**264,767**	**232,558**
Cash and cash equivalents	425	3,871	34,862	9,358
Accounts receivable	50,368	42,374	95,780	56,738
Inventories	42,607	77,049	57,321	104,921
Taxes recoverable	2,944	2,328	34,308	23,496
Related parties	34,865	3,136	-	-
Prepaid expenses	3,866	7,822	19,780	21,680
Other current assets	2,475	2,640	11,074	7,950
Noncurrent assets held for sale	796	796	11,642	8,415
Non-current	**264,546**	**246,905**	**325,003**	**313,029**
Judicial deposits	10,795	10,412	19,808	19,362
Taxes recoverable	25,208	25,128	36,329	40,834
Related parties	27,789	26,093	-	-
Other noncurrent assets	804	794	2,261	2,250
Investments	85,481	139,481	-	-
Right-of-use assets	-	-	10,643	11,210
Property, Plant and Equipment (PP&E)	112,866	44,861	254,131	238,789
Intangible assets	1,603	136	1,831	584
Total assets	**402,892**	**386,921**	**589,770**	**545,587**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	06/30/20	12/31/19	06/30/20	12/31/19
Current liabilities	**178,967**	**206,841**	**231,145**	**228,576**
Trade accounts payable	35,377	34,951	64,420	59,719
Loans and financing	18,257	37,689	31,875	49,812
Related parties	69,216	85,951	-	-
Personnel expenses	14,278	11,773	18,055	15,650
Provision for post-employment benefits	2,622	2,622	7,118	7,118
Taxes, charges and contributions payable	17,517	11,716	29,602	19,559
Lease obligations	-	-	3,053	2,095
Other current liabilities	21,700	22,139	77,022	74,623
Non-Current	**182,393**	**182,902**	**317,132**	**319,789**
Loans and financing	9,327	9,327	65,027	63,762
Related parties	49,628	49,089	-	-
Taxes, charges and contributions payable	15,590	17,712	45,025	48,774
Labor obligations	7,294	7,664	9,351	9,974
Provision for tax, civil and labor risks	63,068	61,385	87,643	86,620
Provision for post-employment benefits	37,420	37,725	94,934	94,486
Provision for decommissioning of mine	-	-	6,817	6,817
Deferred income tax and social contributions	-	-	651	241
Other non-current liabilities	66	-	66	-
Lease obligations	-	-	7,618	9,115
Equity	**41,532**	**(2,822)**	**41,493**	**(2,778)**
Capital	338,967	338,967	338,967	338,967
Advance for future capital increase	46,570	-	46,570	-
Capital reserve	19,437	19,437	19,437	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(322,128)	(319,912)	(322,128)	(319,912)
Other comprehensive income	(41,140)	(41,140)	(41,140)	(41,140)
Equity attributable to controlling interests	**41,532**	**(2,822)**	**41,532**	**(2,822)**
Noncontrolling interests	-	-	(39)	44
Total liablities and equity	**402,892**	**386,921**	**589,770**	**545,587**

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

Income Statements

Corporate Law

R$ ´000	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Net revenue	**101,931**	**112,002**	**(9.0)**	**92,485**	**10.2**	**194,416**	**206,145**	**(5.7)**
Cost of goods sold	(89,360)	(100,362)	(11.0)	(80,537)	11.0	(169,897)	(184,783)	(8.1)
Gross profit (loss)	**12,571**	**11,640**	**8.0**	**11,948**	**5.2**	**24,519**	**21,362**	**14.8**
Gross margin	***12%***	***10%***	***2 p.p.***	***13%***	***- 1 p.p.***	***13%***	***10%***	***3 p.p.***
Operating income (expenses)[1]	**52,380**	**(22,756)**	**-**	**(18,407)**	**-**	**33,973**	**(43,532)**	**-**
Selling expenses	(7,643)	(9,274)	(17.6)	(8,089)	(5.5)	(15,732)	(17,169)	(8.4)
General and administrative expenses[2]	(9,588)	(9,341)	2.6	(10,358)	(7.4)	(19,946)	(18,065)	10.4
Other operating income (expenses), net	69,611	(4,141)	-	40	173,927.5	69,651	(8,298)	-
Operating income (expenses) before equity pickup (EBIT)	**64,951**	**(11,116)**	**-**	**(6,459)**	**-**	**58,492**	**(22,170)**	**-**
EBIT margin	***64%***	***-10%***	***74 p.p.***	***-7%***	***71 p.p.***	***30%***	***-11%***	***41 p.p.***
Equity pickup	(48,598)	(14,531)	234.4	(5,402)	799.6	(54,000)	(23,876)	126.2
Financial income (expenses), net	-	(3,886)	(100.0)	(2,987)	(100.0)	(2,987)	(8,957)	(66.7)
Income (loss) before income and social contribution taxes	**16,353**	**(29,533)**	**-**	**(14,848)**	**-**	**1,505**	**(55,003)**	**-**
Net income (loss) for the year	**16,353**	**(29,533)**	**-**	**(14,848)**	**-**	**1,505**	**(55,003)**	**-**

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

Income Statements

Corporate Law

R$ ´000	2Q20	2Q19	% Chg.	1Q20	% Chg.	1H20	1H19	% Chg.
Gross revenues	**173,463**	**155,255**	**11.7**	**146,786**	**18.2**	**320,249**	**311,894**	**2.7**
Gross revenues deductions	(34,268)	(38,250)	(10.4)	(33,150)	3.4	(67,418)	(71,209)	(5.3)
Net revenue	**139,195**	**117,005**	**19.0**	**113,636**	**22.5**	**252,831**	**240,685**	**5.0**
Cost of goods sold	(110,921)	(107,239)	3.4	(93,866)	18.2	(204,787)	(210,892)	(2.9)
Gross profit (loss)	**28,274**	**9,766**	**189.5**	**19,770**	**43.0**	**48,044**	**29,793**	**61.3**
Gross margin	***20%***	***8%***	***12 p.p.***	***17%***	***3 p.p.***	***19%***	***12%***	***7 p.p.***
Adjusted gross margin	***20%***	***8%***	***12 p.p.***	***17%***	***3 p.p.***	***19%***	***13%***	***6 p.p.***
Operating income (expenses)[1]	**(5,947)**	**(30,193)**	**(80.3)**	**(28,388)**	**(79.1)**	**(34,335)**	**(67,141)**	**(48.9)**
Selling expenses	(12,526)	(13,243)	(5.4)	(10,624)	17.9	(23,150)	(26,969)	(14.2)
General and administrative expenses[2]	(15,606)	(13,752)	13.5	(18,448)	(15.4)	(34,054)	(31,499)	8.1
Other operating income (expenses), net	22,185	(3,198)	-	684	3,143.4	22,869	(8,673)	-
Operating income (expenses) before equity pickup (EBIT)	**22,327**	**(20,427)**	**-**	**(8,618)**	**-**	**13,709**	**(37,348)**	**-**
EBIT margin	***16%***	***-17%***	***33 p.p.***	***-8%***	***24 p.p.***	***5%***	***-16%***	***21 p.p.***
Equity pickup	-	(4,613)	(100.0)	-	-	-	(7,438)	(100.0)
Operating income (expenses) before financial expenses (EBIT*)	***22,327***	***(25,040)***	**-**	***(8,618)***	**-**	***13,709***	***(44,786)***	**-**
Financial income (expenses), net	(5,065)	(4,250)	19.2	(5,596)	(9.5)	(10,661)	(9,296)	14.7
Income (loss) before income and social contribution taxes	**17,262**	**(29,290)**	**-**	**(14,214)**	**-**	**3,048**	**(54,082)**	**-**
Current (loss) income and social contributions taxes	(4,576)	(236)	1,839.0	(361)	1,167.6	(4,937)	(544)	807.5
Deferred (loss) income and social contributions taxes	(129)	(8)	1,512.5	(281)	(54.1)	(410)	(372)	10.2
Net income (loss) for the period	**12,557**	**(29,534)**	**-**	**(14,856)**	**-**	**(2,299)**	**(54,998)**	**(95.8)**
Net margin	***9%***	***-25%***	***34 p.p.***	***-13%***	***22 p.p.***	***-1%***	***-23%***	***22 p.p.***
Adjusted Net income (loss) for the period	**(534)**	**(22,345)**	**(97.6)**	**(11,577)**	**(95.4)**	**(12,111)**	**(44,243)**	**(72.6)**
Adjusted Net margin	***0%***	***-19%***	***19 p.p.***	***-10%***	***10 p.p.***	***-5%***	***-18%***	***13 p.p.***
Earnings (loss) per share, basic and diluted - R$	0.3953	(0.9903)		(0.4677)		(0.0724)	(1.8441)	
EBITDA	**27,328**	**(21,148)**	**-**	**(4,728)**	**-**	**22,600**	**(37,173)**	**-**
EBITDA margin	***20%***	***-18%***	***38 p.p.***	***-4%***	***24 p.p.***	***9%***	***-15%***	***24 p.p.***
Adjusted EBITDA	**7,493**	**(5,643)**	**-**	**240**	**3,023.2**	**7,733**	**(13,440)**	**-**
Adjusted EBITDA Margin	***5%***	***-5%***	***10 p.p.***	***0%***	***5 p.p.***	***3%***	***-6%***	***9 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.

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ETERNIT S.A. – under Court-Supervised Reorganization

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	06/30/20	06/30/19	06/30/20	06/30/19
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	**(2,216)**	**(55,003)**	**3,048**	**(54,082)**
Adjustments to concile pre-tax income to net cash generated by operating activities:				
Equity pickup	54,000	23,876	-	7,438
Depreciation and amortization	2,536	2,907	8,891	7,613
Gain (loss) on disposal of property, plant and equipment and intangible assets	(864)	-	(864)	-
Write-off of judicial deposits	-	(142)	-	(122)
Allowance for doubtful accounts	619	370	1,430	626
Provision for impairment of net realizable value	(5)	(1,339)	11,529	(2,215)
Estimated impairment losses	(71,635)	-	(25,602)	-
Provision for tax, civil and labor risks	1,683	3,148	1,024	6,188
Provision for post-employment benefits	-	-	-	-
Provision for decommissioning of mine	-	-	-	(2,319)
Provision for restructuring	-	338	-	338
Provision for granting	-	97	-	(42)
Financial charges, and monetary and exchange variations	1,126	3,787	307	3,189
Net changes in prepaid expenses	1,851	6,557	2,140	9,190
Amortization of right of use	-	-	567	-
	(12,905)	**(15,404)**	**2,469**	**(24,198)**
Decrease (increase) in operating assets:				
Accounts receivable	(6,745)	(107,204)	(36,168)	17,142
Related parties	(33,179)	2,739	-	(5,726)
Inventories	34,447	14,711	36,071	6,754
Taxes recoverable	(512)	724	(6,202)	2,165
Judicial deposits	(383)	1	(446)	(238)
Other assets	2,261	(12,907)	(3,375)	(12,146)
Increase (decrease) in operating liabilities				
Trade accounts payable	426	12,030	4,990	10,443
Related parties	(17,340)	(6,090)	-	-
Taxes, charges and contributions payable	3,679	1,147	4,041	(4,481)
Personnel expenses	2,135	2,583	1,782	(2,303)
Post-employment benefits	(305)	191	448	314
Restructuring expenses	-	(338)	-	(338)
Lease obligations	-	-	(539)	-
Other liabilities	(373)	(632)	2,464	(7,570)
Cash provided by operating activities	**(28,794)**	**(108,449)**	**5,535**	**(20,182)**
Interest paid	(327)	(654)	(502)	(1,561)
Income and social contribution taxes paid	-	-	(3,091)	(3,062)
Net cash provided by operating activities	**(29,121)**	**(109,103)**	**1,942**	**(24,805)**
Cash flow from investing activities				
Additions to PP&E and intangible assets	(1,378)	(1,930)	(4,110)	(2,120)
Net cash used in investing activities	**(1,378)**	**(1,930)**	**(4,110)**	**(2,120)**
Cash flows from financing activities				
Loans and financing raised	27,600	115,482	47,721	144,062
Repayment of loans and financing	(47,117)	(7,065)	(66,619)	(120,627)
Advance for future capital increase	46,570	-	46,570	-
Net cash used in financing activities	**27,053**	**108,417**	**27,672**	**23,435**
Increase (Decrease) in cash and cash equivalents	**(3,446)**	**(2,616)**	**25,504**	**(3,490)**
At beginning of period	3,871	6,438	9,358	9,181
At end of period	425	3,822	34,862	5,691
Decrease (Increase) in cash and cash equivalents	**(3,446)**	**(2,616)**	**25,504**	**(3,490)**