



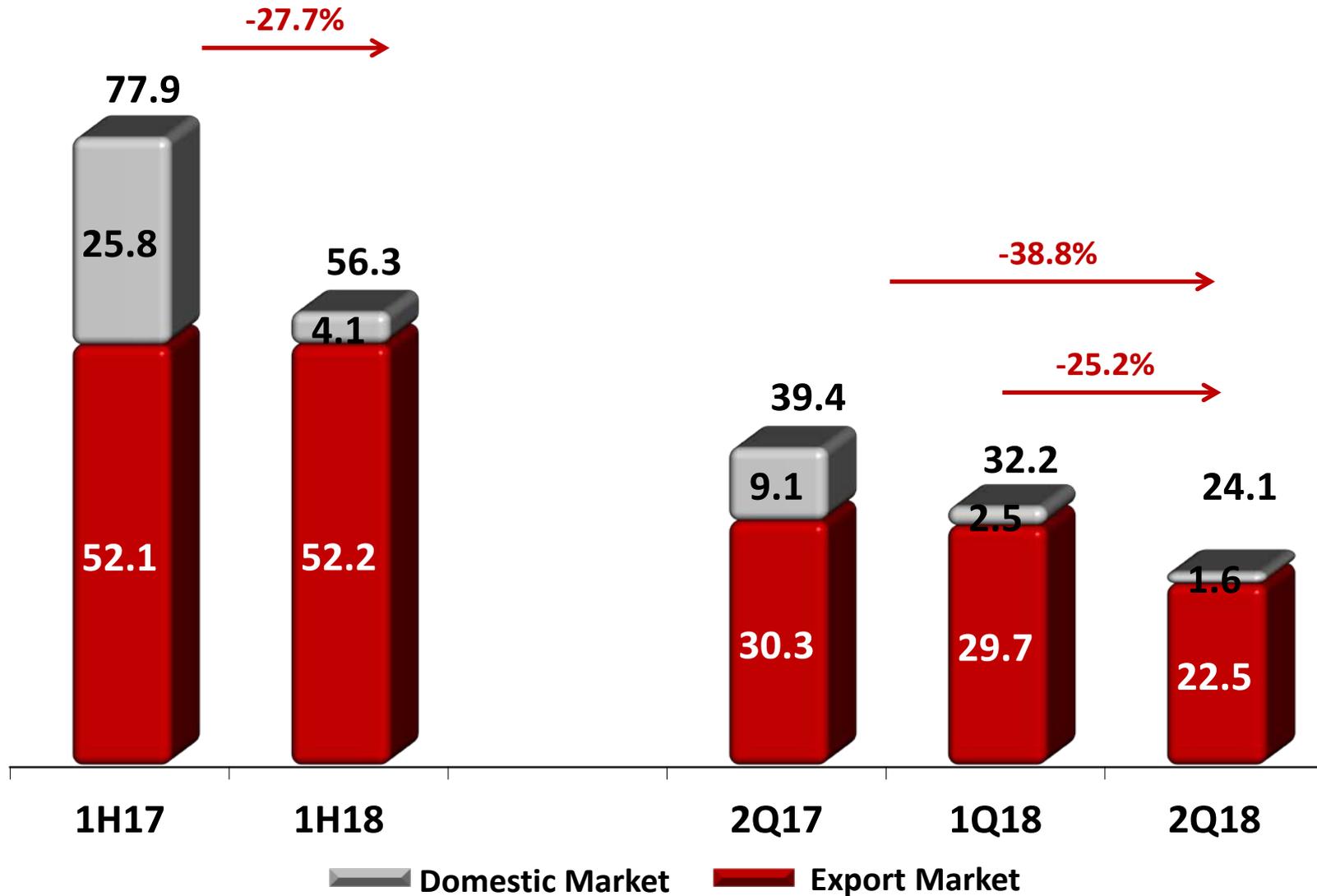
ETERNIT S.A. - under Court-Supervised Reorganization

Conference Call - 2Q18 Earning Results

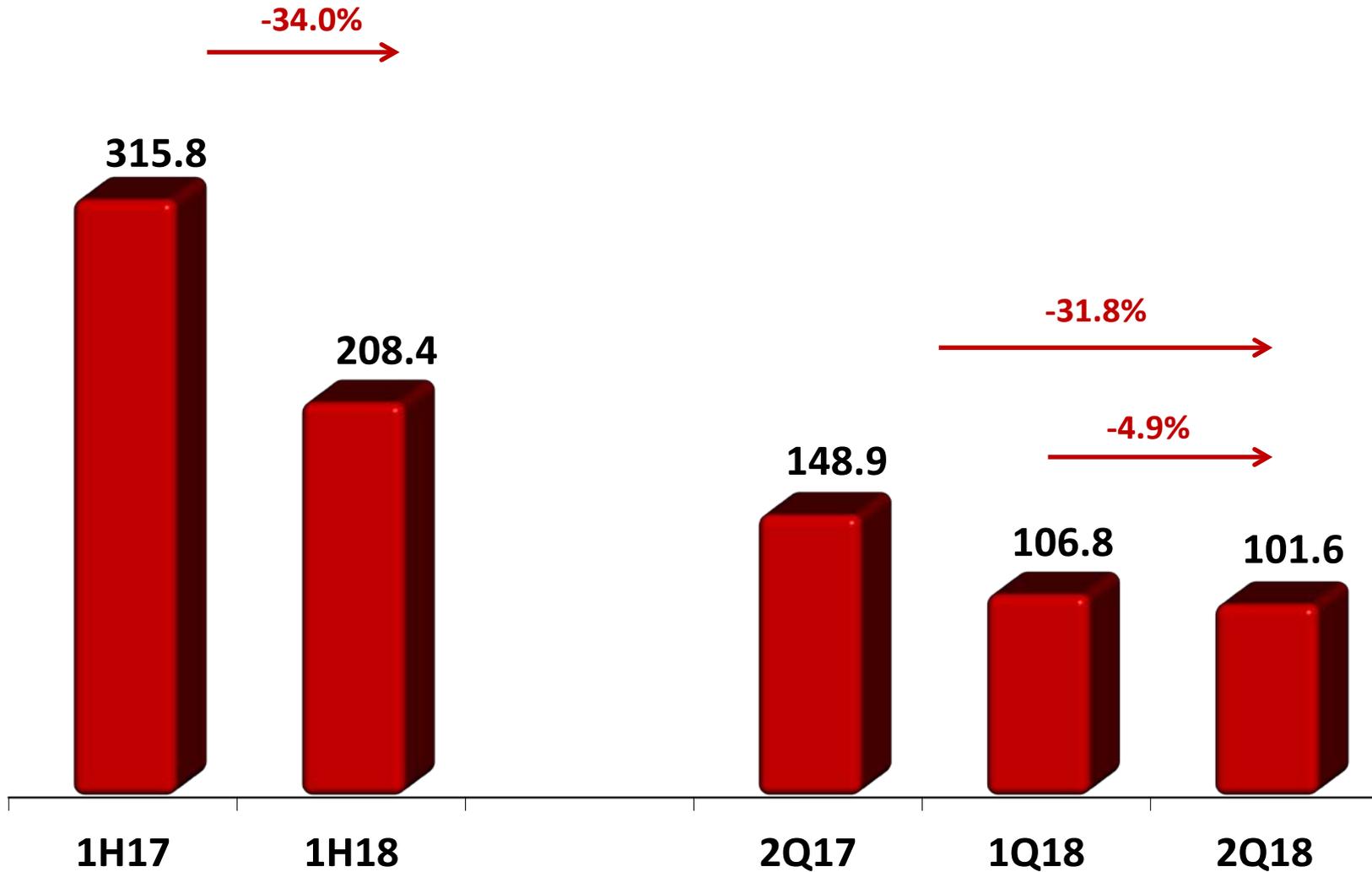
August 17, 2018

“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.”

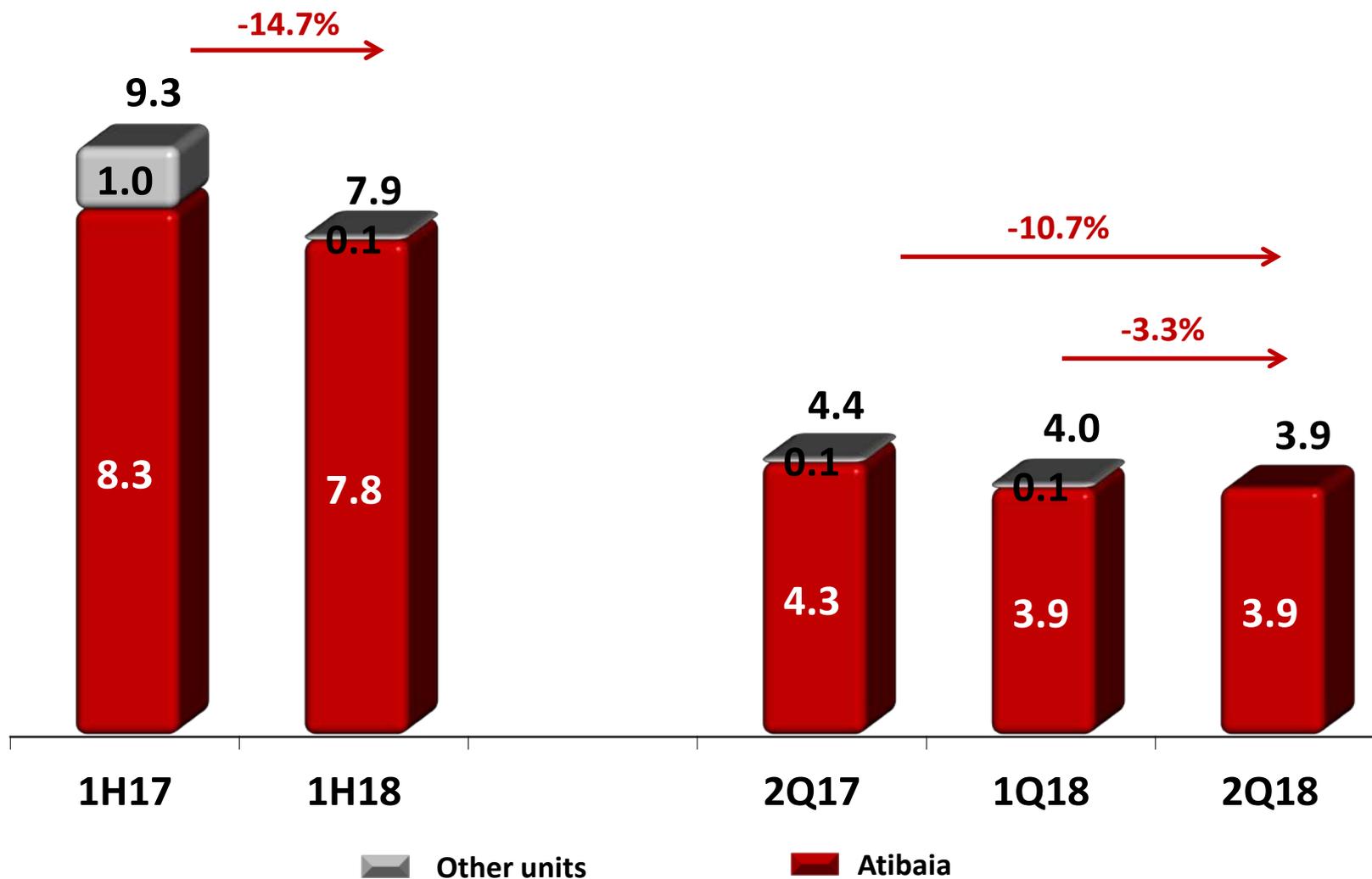
Sales of Chrysotile Mineral ('000 tons)



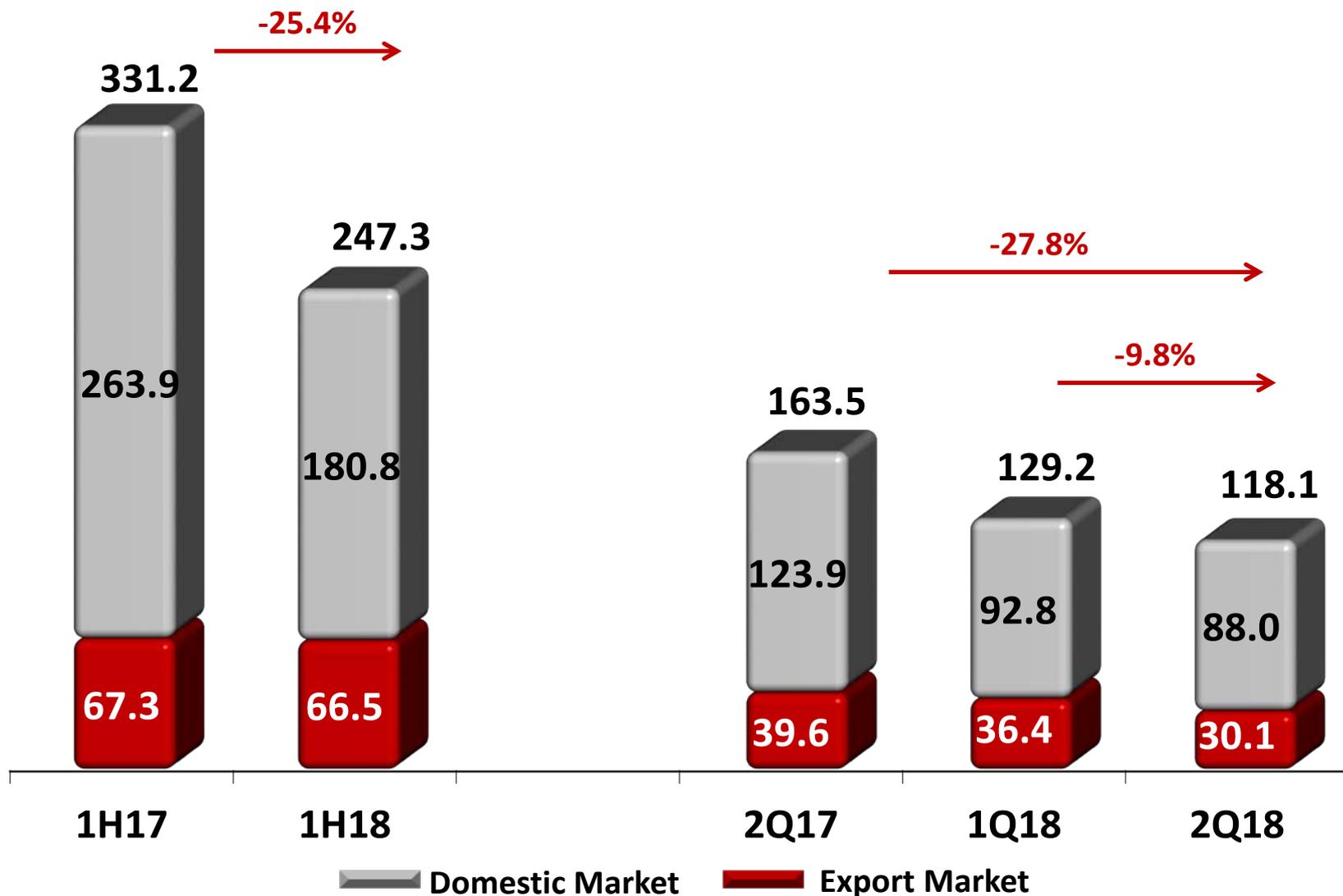
Sales of Fiber-Cement tiles ('000 tons)



Sales of Concrete tiles (million pieces)



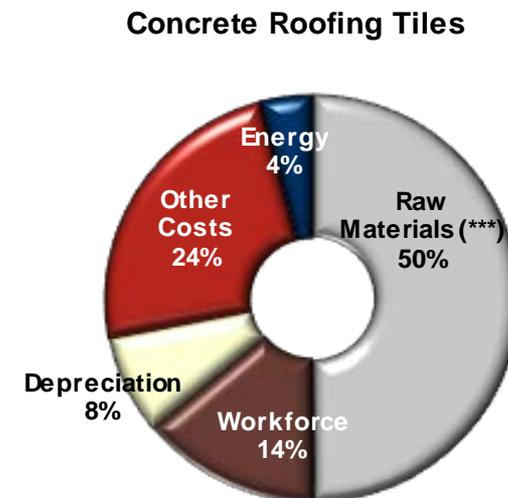
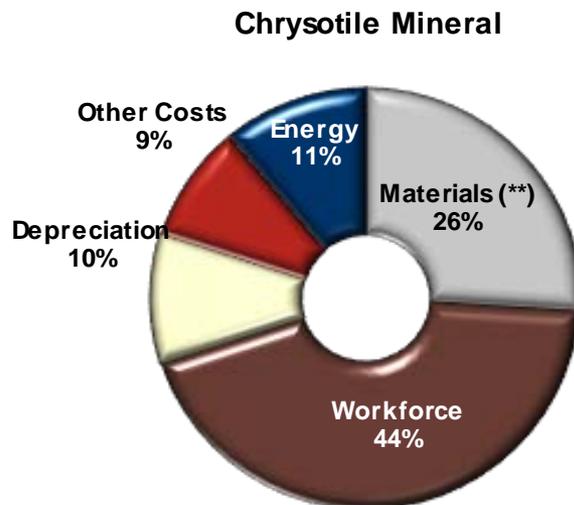
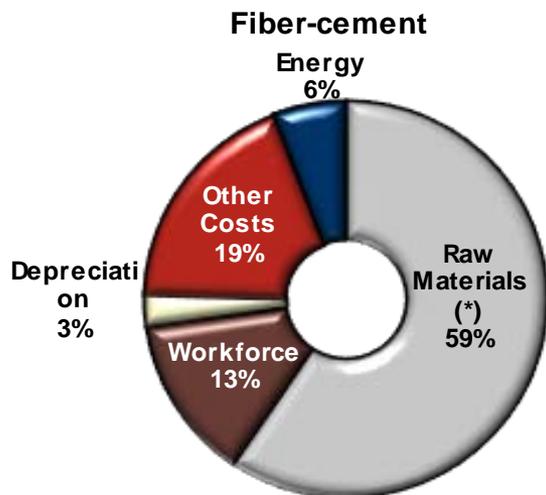
Consolidated Net Revenue (R\$ million)



Gross Margin

R\$ million	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Net operating revenue	118.1	163.6	(27.8)	129.2	(8.6)	247.3	331.4	(25.4)
Cost of goods sold	(99.3)	(121.7)	(18.4)	(92.5)	7.4	(191.8)	(236.5)	(18.9)
Gross Margin	18.8	41.9	(55.2)	36.7	(48.9)	55.5	94.9	(17.1)
Gross Margin%	16%	26%	- 10 p.p.	28%	- 12 p.p.	22%	29%	- 7 p.p.
Adjusted Cost of goods sold	(99.1)	(116.6)	(15.0)	(91.2)	8.6	(190.3)	(229.7)	(17.1)
Adjusted gross margin	19.0	47.0	(59.5)	38.0	(49.9)	57.0	101.6	(43.9)
Adjusted Gross Margin %	16%	29%	- 13 p.p.	29%	- 13 p.p.	23%	31%	- 8 p.p.

Breakdown of Cost (2Q18)



EBITDA and Net Loss



R\$ million	2Q18	2Q17	% Chg.	1Q18	% Chg.	1H18	1H17	% Chg.
Adjusted EBITDA	(19.3)	10.0	-	4.4	-	(14.9)	31.0	-
Non-recurring events								
Restructuring	-	(11.3)	(100.0)	(0.6)	(100.0)	(0.6)	(11.3)	(95.1)
Expenses related to the judicial recovery process	(2.6)	-	-	-	-	(2.6)	-	-
Breaking of products in the production process	(0.3)	0.2	-	(0.3)	1.2	(0.5)	(1.4)	(63.8)
Expenses with unexpected halts*	-	(4.0)	(100.0)	-	-	-	(4.0)	(100.0)
Manufacturing inefficiencies	-	-	-	(1.0)	(100.0)	(1.0)	-	-
Equity pickup	(4.5)	(9.2)	(51.7)	(4.3)	4.3	(8.7)	(14.8)	(41.2)
EBITDA	(26.6)	(14.2)	87.3	(1.7)	1,493.9	(28.2)	(0.6)	5,024.7
Income tax and social contributions	(2.4)	4.9	-	(1.7)	38.8	(4.1)	2.1	-
Net financial income	(3.7)	(4.4)	(16.4)	(4.6)	(19.3)	(8.3)	(9.0)	(7.8)
Depreciation and amortization	(2.1)	(9.4)	(77.5)	(3.2)	(33.2)	(5.3)	(18.6)	(71.6)
Net Loss	(34.8)	(23.1)	50.6	(11.1)	212.2	(45.9)	(26.0)	76.3
Non-recurring events								
Restructuring	-	11.3	-100.0	0.6	(100.0)	0.6	11.3	(95.1)
Expenses related to the judicial recovery process	2.6	-	-	-	-	2.6	-	-
Breaking of products from new technologies	0.3	(0.2)	-	0.3	1.2	0.5	1.4	(63.8)
Expenses with unexpected halts	-	4.0	-100.0	-	-	-	5.3	(100.0)
Manufacturing inefficiencies	-	-	-	1.0	(100.0)	1.0	-	-
Effect of Income and social contributions taxes	(1.0)	(5.1)	-81.1	(0.6)	58.5	(1.6)	(6.1)	(74.4)
Adjusted Net Loss	(32.9)	(13.2)	149.6	(10.0)	230.5	(42.9)	(14.1)	203.0

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

Debt (R\$ million)



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%	-

The origin of the debt at 03/31/2018 consisted of 67% of foreign currency and 33% of national currency.

In 1Q18, 100% of the foreign currency debt was naturally hedged by accounts receivable on chrysotile exports.

Acquisition of all the shares of CSC



On April 27, 2018, the **Eternit Group formalized the acquisition of the entire equity interest** held by Compañía Colombiana de Cerámica S.A.S (“Colcerámica”) 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.**

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 Board of Directors (“RCA”) 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.

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)**.

Court-Supervised Restructuring (PRJ) – Payment Structure



Class I

Labor Creditors and Attorneys: R\$ 578,778.43

- Payment of up to R\$250,000 within up to 12 months, as of the ratification date.
- Amounts exceeding R\$ 250,000 will be paid through equity.
- Average of the 2 highest values: to be defined (i) Economic Value, (ii) Book Value, (iii) Market Value.

Class II

Credits with Security Interest: R\$ 36,225,174.33

- 9 years with interest of 6.83% p.a.
- Any new creditors in this class will be paid in this manner up to the amount of R\$40 million.
- Amounts exceeding R\$ 40 million will be paid in the same manner as for class III.

Class IV

Micro and Small Company Creditors: R\$ 4,461,662.02

- Payment of up to R\$ 1,000.00 to each Class IV creditor, in a single installment within 180 days from approval of the PRJ.
- For the remainder of the balance, payment of up to R\$250,000 at the rate of 100% of CDI within up to 18 months.
- Amounts exceeding R\$250,000 will enjoy the same conditions as Class III.

** Conditions in the filed plan. A new plan may be filed with different conditions*

Court-Supervised Restructuring (PRJ) – Payment Structure

Class III (Unsecured)

Unsecured debt: R\$ 174,170,287.62 and US\$ 7,970,817.89

Option A:

- Initial payment of up to R\$ 1,800.00 to each creditor, in a single installment within 180 days from approval of the PRJ.
Payment of the outstanding balance limited to R\$50 million in 2 tranches, of which:

- A** 15% of the remaining credit: payment using operating cash generation, with a grace period of 18 months for interest and principal, and 20 quarterly installments (5 years) at CDI + 1% p.a.
- B** Up to 65% of the credit: to be paid in a bullet installment, with early amortization using part of the proceeds from liquidity events. 20% discount on the outstanding balance.

Option B:

- Initial payment of up to R\$ 1,800.00 to each creditor, in a single installment within 180 days from approval of the PRJ.
Payment of the outstanding balance limited to R\$50 million in 2 tranches, of which:

- A** 15% of the remaining credit: payment using operating cash generation, with a grace period of 18 months for interest and principal, and 28 quarterly installments (7 years) at CDI + 1% p.a.
- B** Up to 85% of the credit: to be paid in a bullet installment, with early amortization using part of the proceeds from liquidity events.

IR TEAM

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