



**PRESS  
RELEASE  
3Q20**

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**Eternit**  
[eternit.com.br/ri](http://eternit.com.br/ri)

São Paulo, November 10, 2020 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, “Eternit” or “Company”) announces today the results for the third quarter of 2020 (3Q20). 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 third quarter of 2019 (3Q19), except where stated otherwise.

## Net income up 58% and Adjusted EBITDA reaches R\$41.7 million in 3Q20

### 3Q20

#### Listing Segment

Novo Mercado of B3

#### Share Price ETER3 (09/30/2020)

R\$/share 5.94

#### Shareholder base (09/30/2020)

Shares issued 51,675,555

Free Float 98.9%

#### Market Cap (09/30/2020)

R\$307 million

#### Book Value Per Share (09/30/2020)

R\$1.58

#### Conference Call/ Webcast (in Portuguese)

**November 11, 2020, Time:** 3:00 p.m. (Brasília)

**Dial-in:**

**+55 (11) 3181-8565 or +55 (11) 4210-1803**

HD Web Phone [Eternit Participant](#)

Password: **Eternit**

**Webcast:**

[www.eternit.com.br/ri](http://www.eternit.com.br/ri) or

<https://choruscall.com.br/eternit/3t20.htm>

### ★ HIGHLIGHTS 3Q20 vs. 3Q19

- **Net revenue** of R\$201.1 million (+58%).
- **Sales of fiber-cement roofing panels** reach 185,200 metric tons (+31%).
- **Gross Margin** of 38%, up 28 percentage points.
- **Adjusted EBITDA** of R\$41.7 million (+157%) with adjusted EBITDA Margin of 21%.
- **Adjusted Net Income** of R\$34.4 million, up 138%.
- **Net Debt** of R\$7.9 million on Sep. 30, a **reduction** of R\$96.3 million from Dec. 31, 2019 (-92%).

### Main Indicators

Consolidated - R\$ `000	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
<b>Gross revenues</b>	<b>254,124</b>	<b>167,101</b>	<b>52.1</b>	<b>173,463</b>	<b>46.5</b>	<b>574,373</b>	<b>478,995</b>	<b>19.9</b>
<b>Net revenues</b>	<b>201,139</b>	<b>127,294</b>	<b>58.0</b>	<b>139,195</b>	<b>44.5</b>	<b>453,970</b>	<b>367,979</b>	<b>23.4</b>
Gross profit	76,593	12,640	506.0	28,274	170.9	124,637	42,433	193.7
<i>Adjusted Gross margin</i>	<i>38%</i>	<i>10%</i>	<i>28 p.p.</i>	<i>20%</i>	<i>18 p.p.</i>	<i>27%</i>	<i>12%</i>	<i>15 p.p.</i>
<b>Net income (loss) for the period</b>	<b>39,955</b>	<b>35,660</b>	<b>12.0</b>	<b>12,557</b>	<b>218.2</b>	<b>37,656</b>	<b>(19,338)</b>	<b>-</b>
<i>EBITDA Margin</i>	<i>20%</i>	<i>28%</i>	<i>- 8 p.p.</i>	<i>9%</i>	<i>11 p.p.</i>	<i>8%</i>	<i>-5%</i>	<i>13 p.p.</i>
<b>Adjusted Net income (loss) for the period</b>	<b>34,380</b>	<b>14,427</b>	<b>138.3</b>	<b>(534)</b>	<b>-</b>	<b>22,269</b>	<b>(29,816)</b>	<b>-</b>
<i>Adjusted Net margin</i>	<i>17%</i>	<i>11%</i>	<i>6 p.p.</i>	<i>0%</i>	<i>17 p.p.</i>	<i>5%</i>	<i>-8%</i>	<i>13 p.p.</i>
Earnings (loss) per share - R\$	0.7733	1.1226		0.3953		0.7288	(0.6088)	-
<b>EBITDA <sup>2</sup></b>	<b>50,169</b>	<b>66,585</b>	<b>(24.7)</b>	<b>27,328</b>	<b>83.6</b>	<b>72,769</b>	<b>29,412</b>	<b>147.4</b>
<i>EBITDA Margin</i>	<i>25%</i>	<i>52%</i>	<i>- 27 p.p.</i>	<i>20%</i>	<i>5 p.p.</i>	<i>16%</i>	<i>8%</i>	<i>8 p.p.</i>
<b>Adjusted EBITDA</b>	<b>41,722</b>	<b>16,210</b>	<b>157.4</b>	<b>7,493</b>	<b>456.8</b>	<b>49,455</b>	<b>2,770</b>	<b>1,685.4</b>
<i>Adjusted EBITDA Margin</i>	<i>21%</i>	<i>13%</i>	<i>8 p.p.</i>	<i>5%</i>	<i>16 p.p.</i>	<i>11%</i>	<i>1%</i>	<i>10 p.p.</i>

## MANAGEMENT COMMENTS

The third quarter of 2020 witnessed strong growth in demand for construction material, reflecting the resumption of activity in the construction sector, which benefited the fiber-cement and concrete roofing tiles segments. The market's swift recovery was mainly driven by the emergency aid granted by the Brazilian Government and the continued functioning of building material stores during the physical distancing period since construction activity was classified as essential in most cities. The fact that a part of the population stays longer at home may signal a changing trend in consumer behavior in terms of investing in household improvements and renovations.

The bright moment in the market was seized by Eternit thanks to the excellent operational performance by its fiber-cement roofing panel plants, which consolidated the technological changeover that enabled the thorough replacement of chrysotile by polypropylene synthetic fibers produced at the Manaus unit.

This quarter, the Company continued its photovoltaic roofing tiles project at the Tégula unit in Atibaia, with the focus on producing tiles for pilot solar power generation projects to be implemented in different segments and regions across the country, in order to verify the performance and durability of the product in real applications.

Regarding the Court-Supervised Reorganization, the Company has been diligently honoring the commitments established in the Court-Supervised Reorganization Plan. Accordingly, the next events on schedule are the divestment of assets, whose proceeds will be used to pay Class III creditors, including the sale of the assets of Companhia Sulamericana de Cerâmica (CSC), whose first auction attempt will be held from November 11 to 18, 2020.

In line with its restructuring process, the Company has been concentrating its operations in the roofing segment, its flagship business, in compliance with the Reorganization Plan, and in the photovoltaic roofing tiles project.

## ECONOMY AND MARKET

Despite the sharp decline in economic activity across Brazil in the second quarter, recent indicators hint at a partial recovery of the economy, driven by the rebound in income levels, the government's measures to combat the economic impacts of the pandemic and the gradual return of consumption to levels before the social distancing period, as reported by the Central Bank of Brazil (BACEN). However, recovery has not been heterogenous among the economic segments.

The projection for industrial activity in the year was revised to -4.7%<sup>1</sup> from -8.5%, with increased projections for all segments. The swift recovery in the manufacturing<sup>2</sup> and construction<sup>3</sup> indicators after the sharp decline at the start of the physical distancing period caused the revision in forecasts for these sectors. However, uncertainty about the pace of economic recovery remains greater than usual since the effects of government aid to households is expected to

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<sup>1</sup> BACEN: Inflation Report – 9/24/2020

<sup>2</sup> BACEN: Inflation Report – 9/24/2020: GDP 2020 estimate – Manufacturing reviewed from -12.8% to -7.7%

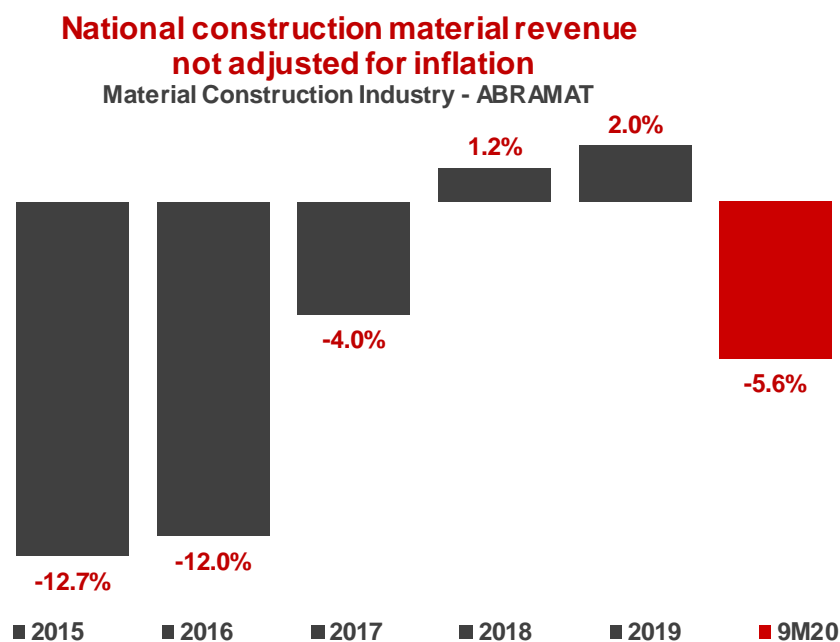
<sup>3</sup> BACEN: Inflation Report – 9/24/2020: GDP 2020 estimate – Construction reviewed from -6.7% to -4.5%

decline in 4Q20, given that the Federal Government has extended the benefit from September to December, but halving the original amount to R\$300/month<sup>4</sup> per beneficiary.

In this scenario, Brazil's GDP projection improved from -5.77%<sup>5</sup> to -4.81%<sup>6</sup>, but the job market has not yet shown consistent signs of recovery: according to CAGED<sup>7</sup> data, 738,000 formal jobs were created in the quarter, with 313,000 in September alone, a 29-year record for the month since the beginning of the historical series. On the other hand, according to IBGE<sup>8</sup> data, unemployment rate was 14% in September, the highest ever recorded in its history.

Following are the highlights in the construction materials sector:

- The Cielo Broad Retail Index (ICVA) indicated that the sector ended September with nominal sales 38.1%<sup>9</sup> above than in the pre-pandemic period (March 1, 2020), registering monthly growth throughout 3Q20.
- The Brazilian Construction Materials Industry Association (Abramat), which measures the performance of industries in the sector, points out that the accrued revenue ex-inflation up to September declined 5.6%<sup>10</sup> from the same period in 2019. Note that revenue in September registered the third consecutive growth and the year-end forecast was revised to a decline of 2.8% compared to 2019, as against the initial estimate of a 7% decline. Abramat believes that the sector's performance can exceed current forecasts if industries are able to meet demand.



<sup>4</sup> Agência Senado – 10/05/2020

<sup>5</sup> BACEN: Focus Survey – 07/24/2020 (disclosed on press release 2Q20)

<sup>6</sup> BACEN: Focus Survey – 10/23/2020

<sup>7</sup> Gazeta do Povo – 10/29/2020

<sup>8</sup> UOL Empregos e Carreiras – 10/29/2020

<sup>9</sup> Cielo | ICVA – Cielo Broad Retail Index – Cielo Exclusive Bulletin on COVID-19 Impact on Brazilian Retail 10/05/2020

<sup>10</sup> Abramat – VALOR Newspaper – 10/12/2020

## OPERATING AND FINANCIAL PERFORMANCE

### | Sales volume

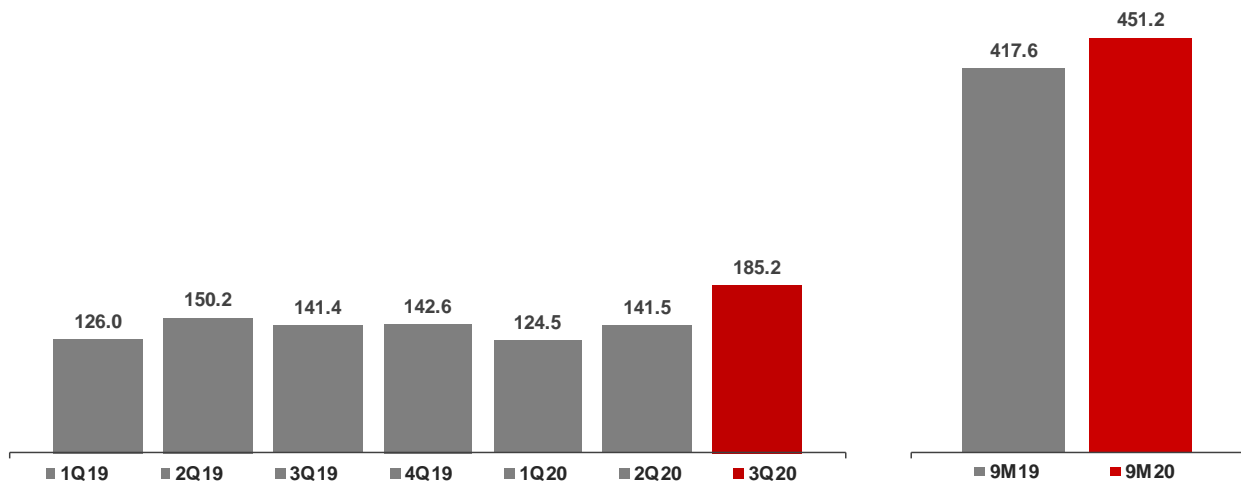
#### ETERNIT - Fiber-cement



#### Roofing panels

Sales of fiber-cement roofing panels rose 31% in 3Q20 from 3Q19, reflecting the strong recovery of the sector. This growth offset the decline registered in the initial months of the year due to the onset of the pandemic, such that total sales volume in the year grew 8% compared to the volume in 9M19.

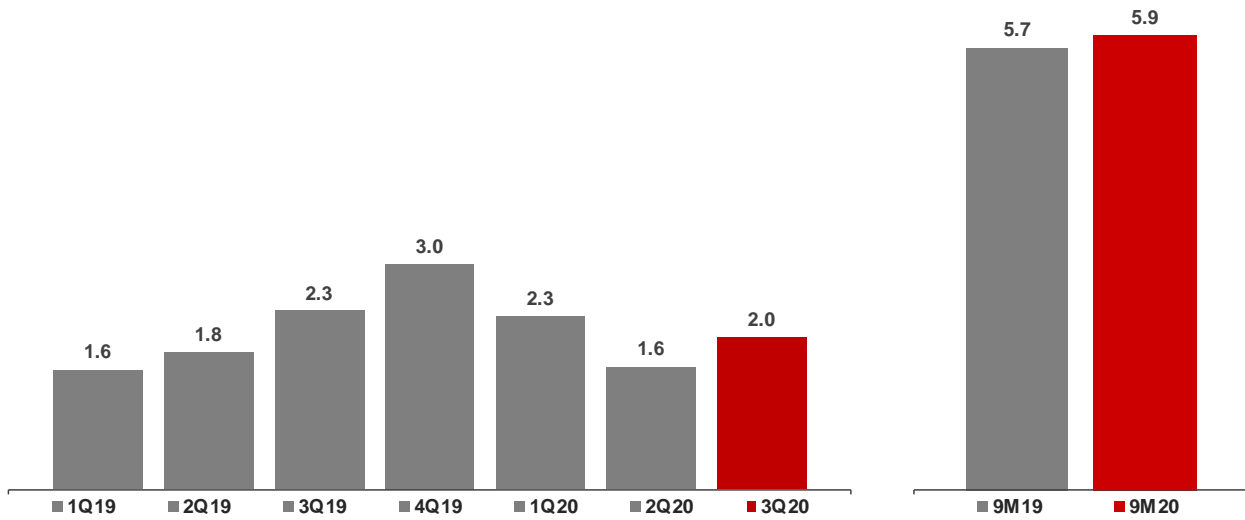
Sales of fiber-cement roofing panels ('000 t)



#### Construction systems

In 3Q20, sales volume of construction systems (cement cladding panels and wall cladding panels) was affected by the pandemic, declining 15% from 3Q19. However, the Company registered a 24% growth in sales in 3Q20 in relation to 2Q20. Sales in 9M20 were 2.9% higher than in 9M19 (2020: 5,882 t; 2019: 5,717 t).

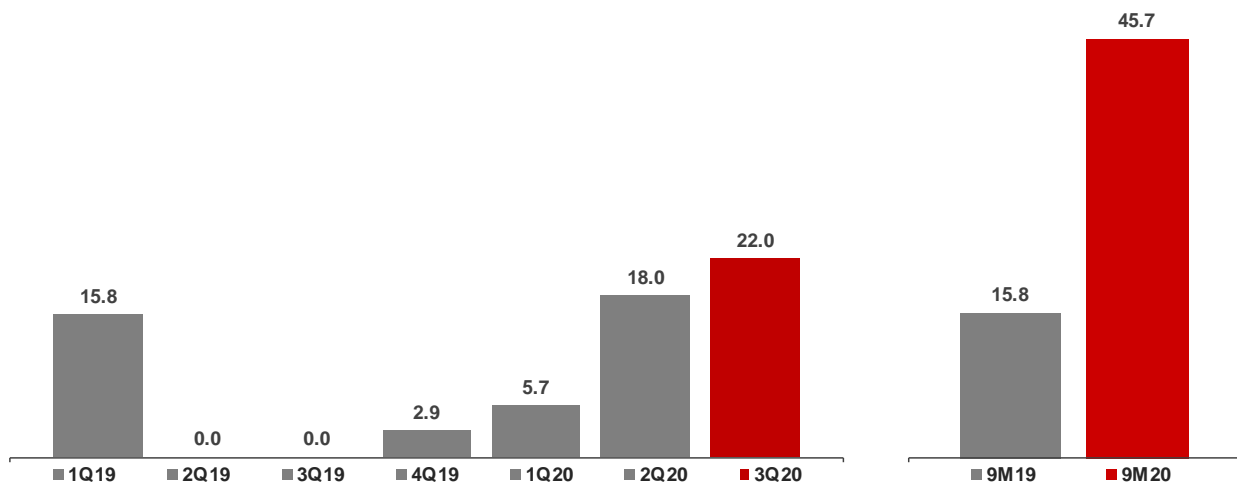
### Sales of construction systems ('000 t)



### SAMA - Chrysotile

In 3Q20, 22,000 tons of chrysotile fiber were exported, for a total of 45,700 tons exported in 9M20. SAMA, based on Goiás State Law 20,514 of July 16, 2019, after selling the fiber inventory and processing the ore already extracted, announced on July 7, 2020 that it had started processing the ore available for extraction, directing all the resulting product to the export market.

### Sales of chrysotile mineral ('000 t)

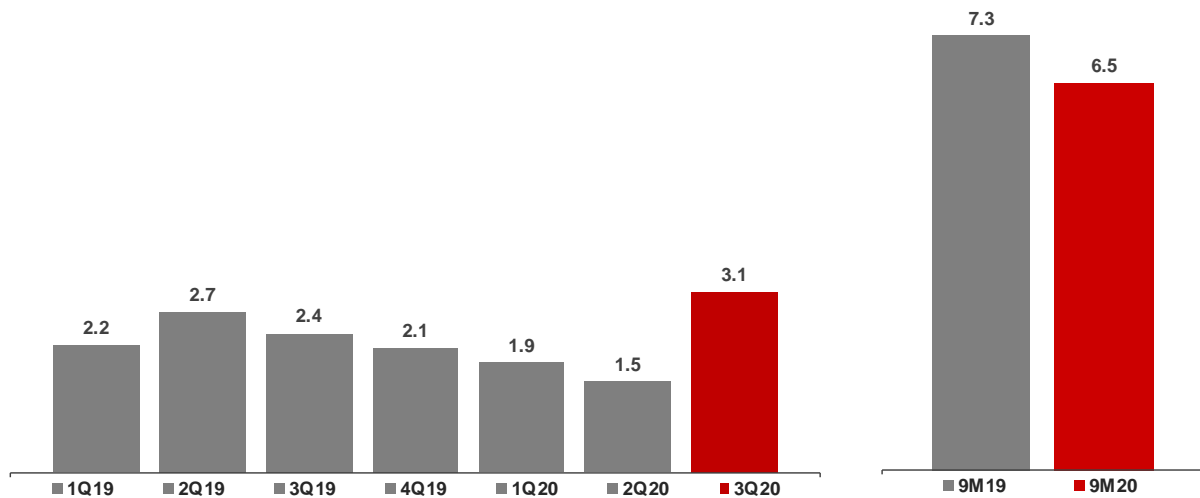




## TÉGULA - Concrete roofing tiles

Sales of concrete roofing tiles in 3Q20 increased 30% from 3Q19, showing the recovery in the construction materials sector, as mentioned above. However, sales in 9M20 were 10.9% lower than in 9M19, reflecting the weak performance of this segment in the first six months of the year and the negative impact of the pandemic.

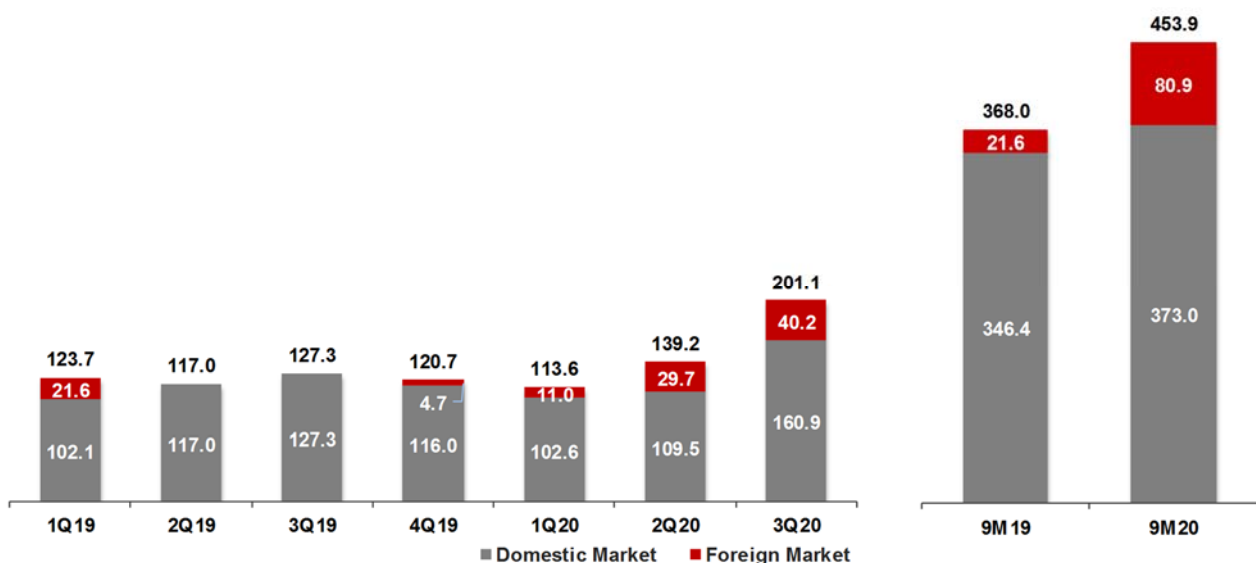
Concrete roofing tile sales (million tiles)



## Net Revenue

Net revenue totaled R\$201.1 million in 3Q20, up 58% from 3Q19, reflecting the growth in fiber-cement sales and resumption of chrysotile exports despite the suspension of industrial operations at Companhia Sulamericana de Cerâmica (CSC) on April 22, 2020. Net revenue in 9M20 was R\$454 million, up 23% from 9M19.

Consolidated Net Revenue (R\$ million)



## | Costs of Goods and Products Sold

Costs of goods and products sold (COGS) totaled R\$124.5 million in 3Q20, up 8.6% from 3Q19, due to higher sales. Gross margin in the period was 38%, 28 p.p. higher than in 3Q19 and 18 p.p. higher than in 2Q20.

In 9M20, COGS remained virtually stable (+1.2%) in relation to 9M19, with gross margin of 27%, 15 p.p. higher than last year.

R\$ '000	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
Net Revenue	201,139	127,294	58.0	139,195	44.5	453,970	367,979	23.4
Cost of goods sold	(124,546)	(114,654)	8.6	(110,921)	12.3	(329,333)	(325,546)	1.2
Gross Profit	76,593	12,640	506.0	28,274	170.9	124,637	42,433	193.7
Gross Margin	38%	10%	28 p.p.	20%	18 p.p.	27%	12%	15 p.p.

## | Operating Expenses

"Operating Expenses" totaled non-recurring amounts in the line "Other operating income (expenses), as follows: (i) in 2020, we recorded revenue from extemporaneous tax credits totaling R\$14.9 million and expenses with provisions for indemnification of representatives amounting to R\$6.7 million; (ii) in 2019, were booked revenue of R\$48.5 million related to the assets of the subsidiary PREL given in payment, reversal of provisions and the business combination (CSC).

The sum of "Selling expenses" and "General and Administrative expenses", inherent to the operational activities, increased R\$7.5 million in 3Q20 vs. 3Q19, mainly due to the growth of fiber-cement sales and the partial recovery at SAMA. In the year, the sum of selling and administrative expenses increased 7% due to the aforementioned factors and the consolidation of CSC's expenses through business combination since 3Q19, which altered the basis for comparison.

In R\$ '000	3Q20	3Q19	Chg. %	2Q20	Chg. %	9M20	9M19	Chg. %
Selling expenses	(15,340)	(13,033)	17.7	(12,526)	22.5	(38,490)	(40,002)	(3.8)
General and administrative expenses*	(23,416)	(18,190)	28.7	(15,606)	50.0	(57,470)	(49,689)	15.7
Other operating revenues (expenses), net**	6,695	51,778	(87.1)	22,185	(69.8)	29,564	43,105	(31.4)
<b>Total operating expenses</b>	<b>(32,061)</b>	<b>20,555</b>	<b>-</b>	<b>(5,947)</b>	<b>439.1</b>	<b>(66,396)</b>	<b>(46,586)</b>	<b>42.5</b>

\* Includes Management Compensation.

\*\* This table includes the items "Loss due to impairment of assets and provision for restructuring" and "Remeasurement of Investment - CSC Business Combination"

## | Financial Result

Net financial income totaled R\$3.0 million, compared to an income of R\$15.5 million in 3Q19, with both results impacted by non-recurring events: (i) in 3Q20 we booked R\$5.9 million as income from inflation adjustment on extemporaneous tax credits; (ii) in 3Q19 we booked income of R\$23.0 million, resulting from the haircut of bankruptcy-related debt, and expenses of R\$2.7 million related to PIS/COFINS over the haircut revenue and business combination (CSC).



In R\$ '000	3Q20	3Q19	Chg. %	2Q20	Chg. %	9M20	9M19	Chg. %
Financial expenses	(3,609)	(7,580)	(52.4)	(8,772)	(58.9)	(16,739)	(18,003)	(7.0)
Financial income	6,378	23,362	(72.7)	550	1,059.6	7,246	24,855	(70.8)
Net exchange variation	217	(295)	-	3,157	(93.1)	1,818	(661)	-
<b>Net financial result</b>	<b>2,986</b>	<b>15,488</b>	<b>(80.7)</b>	<b>(5,065)</b>	<b>-</b>	<b>(7,675)</b>	<b>6,192</b>	<b>-</b>

## | EBITDA

Adjusted EBITDA, excluding non-recurring items, totaled R\$41.7 million, up 157% from the same period last year, driven by the excellent operating performance by the fiber-cement sector and the recovery at SAMA. In 9M20, adjusted EBITDA totaled R\$49.5 million, compared to R\$2.8 million in 9M19.

EBITDA amounted to R\$50.2 million in 3Q20 and R\$72.8 million in 9M20, resulting from the accounting of several non-recurring events detailed in the table below.

Reconciliation of consolidated EBITDA (R\$'000)	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
<b>Net Income (loss)</b>	<b>39,955</b>	<b>35,660</b>	<b>12.0</b>	<b>12,557</b>	<b>218.2</b>	<b>37,656</b>	<b>(19,338)</b>	<b>-</b>
Income tax and social contributions	7,563	31,227	(75.8)	4,705	60.7	12,910	32,143	(59.8)
Net financial Income	(2,986)	(15,488)	(80.7)	5,065	(159.0)	7,675	(6,192)	-
Depreciation and amortization	5,637	15,186	(62.9)	5,001	12.7	14,528	22,799	(36.3)
<b>EBITDA<sup>1</sup></b>	<b>50,169</b>	<b>66,585</b>	<b>(24.7)</b>	<b>27,328</b>	<b>83.6</b>	<b>72,769</b>	<b>29,412</b>	<b>147.4</b>
<i>EBITDA Margin</i>	<i>25%</i>	<i>52%</i>	<i>- 27 p.p.</i>	<i>20%</i>	<i>5 p.p.</i>	<i>16%</i>	<i>8%</i>	<i>8 p.p.</i>
Equity pickup	-	(18,204)	(100.0)	-	-	-	(10,766)	(100.0)
<b>Non-recurring events</b>								
Restructuring	-	159	(100.0)	77	(100.0)	778	497	56.5
Expenses related to the judicial recovery	538	563	(4.4)	698	(22.9)	1,655	1,440	15.0
Production interruption of SAMA	-	4,655	(100.0)	-	-	3,083	18,732	(83.5)
Production interruption of Precon	857	264	224.7	77	1,016.2	1,699	1,267	34.1
Impairment Adjustment of SAMA	-	6,849	(100.0)	-	-	-	6,849	(100.0)
Reversal of provision for mine reassembly	-	(7,477)	(100.0)	-	-	-	(7,477)	(100.0)
Production interruption of CSC	3,633	-	-	9,132	(60.2)	12,765	-	-
Extemporaneous credit of ICMS in the	(20,135)	-	-	-	-	(20,135)	-	-
Capital gain - Dation of assets	-	(37,184)	(100.0)	-	-	-	(37,184)	(100.0)
Fixed Assets Impairment	-	-	-	(23,750)	(100.0)	(23,750)	-	-
Recovery of tax credits at CSC	-	-	-	(5,100)	(100.0)	(5,100)	-	-
Representatives, exceptional provision and	6,660	-	-	-	-	6,660	-	-
Capital gain - sale of fixed assets	-	-	-	(969)	(100.0)	(969)	-	-
<b>Recurring and Adjusted EBITDA<sup>2</sup></b>	<b>41,722</b>	<b>16,210</b>	<b>157.4</b>	<b>7,493</b>	<b>456.8</b>	<b>49,455</b>	<b>2,770</b>	<b>1,685.4</b>
<i>Adjusted EBITDA Margin</i>	<i>21%</i>	<i>13%</i>	<i>8 p.p.</i>	<i>5%</i>	<i>16 p.p.</i>	<i>11%</i>	<i>1%</i>	<i>10 p.p.</i>

<sup>1</sup> Consolidated EBITDA includes the results of the joint venture Companhia Sulamericana de Cerâmica (CSC) until 2Q19, in accordance with the equity method of accounting and non-recurring events, in compliance with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

<sup>2</sup> 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)

In 3Q20, Eternit posted adjusted Net Income of R\$34.4 million, excluding non-recurring events and net of income tax and social contribution (IR/CSLL), up 138% from 3Q19, reflecting the excellent operating performance by the fiber-cement sector and the recovery at SAMA. In the year, adjusted Net Income amounted to R\$22.3 million, compared to net loss of R\$29.8 million in 9M19.

Net income totaled R\$40.0 million in 3Q20 and R\$37.7 million in 9M20, after booking several non-recurring events shown below.

Consolidated Net Income (loss) (R\$'000)	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
<b>Net Income (loss)</b>	<b>39,955</b>	<b>35,660</b>	<b>12.0</b>	<b>12,557</b>	<b>218.2</b>	<b>37,656</b>	<b>(19,338)</b>	<b>-</b>
<i>Net Margin</i>	<i>20%</i>	<i>28%</i>	<i>- 8 p.p.</i>	<i>9%</i>	<i>11 p.p.</i>	<i>8%</i>	<i>-5%</i>	<i>13 p.p.</i>
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Reversal of provision for mine reassembly	-	(7,477)	(100)	-	-	-	(7,477)	(100)
Production interruption of CSC	3,633	-	-	9,132	(60)	12,765	-	-
Extemporaneous credit of ICMS in the	(20,135)	-	-	-	-	(20,135)	-	-
Capital gain - Dation of assets	-	(37,184)	(100)	-	-	-	(37,184)	(100)
Fixed Assets Impairment	-	-	-	(23,750)	(100)	(23,750)	-	-
Recovery of tax credits at CSC	-	-	-	(5,100)	(100)	(5,100)	-	-
Representatives, exceptional provision and	6,660	-	-	-	-	6,660	-	-
Capital gain - sale of fixed assets	-	-	-	(969)	(100)	(969)	-	-
Effect of Income and social contributions taxes*	2,872	10,938	(73.7)	6,744	(57.4)	7,927	5,398	46.9
<b>Adjusted Net income (loss) for the period</b>	<b>34,380</b>	<b>14,427</b>	<b>138.3</b>	<b>(534)</b>	<b>-</b>	<b>22,269</b>	<b>(29,816)</b>	<b>-</b>
<i>Adjusted Net margin</i>	<i>17%</i>	<i>11%</i>	<i>6 p.p.</i>	<i>0%</i>	<i>17 p.p.</i>	<i>5%</i>	<i>-8%</i>	<i>13 p.p.</i>

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

## | Bank debt

Eternit ended 3Q20 with gross bank debt of R\$66.8 million, 100% in local currency, which includes working capital lines and installments of the bankruptcy-related debt owed to banks. Short-term gross debt at the end of the quarter totaled R\$1.1 million, down 98% (R\$48.7 million) from December 31, 2019.

Cash balance at the end of 3Q20 was R\$58.9 million, due to the capital increase in June (R\$46.6 million) and the operating cash flow in the quarter, which increased R\$49.5 million from the end of fiscal year 2019.

As a result of the above events, bank debt decreased from R\$104.2 million on Dec. 31, 2019, to R\$7.9 million on Sep. 30, 2020, down 92%.

DEBT - R\$ '000	9/30/2020	12/31/2019	% Chg.	6/30/2020	% Chg.
Short-term gross debt	1,066	49,812	-97.9%	31,875	-96.7%
Long-term gross debt	65,712	63,762	3.1%	65,027	1.1%
<b>Total gross debt</b>	<b>66,778</b>	<b>113,574</b>	<b>-41.2%</b>	<b>96,902</b>	<b>-31.1%</b>
(-) Cash and cash equivalents	58,877	9,358	529.2%	34,862	68.9%
(-) Cash and short-term investments	58,877	9,358	529.2%	34,862	68.9%
<b>Net debt</b>	<b>7,901</b>	<b>104,216</b>	<b>-92.4%</b>	<b>62,040</b>	<b>-87.3%</b>

## | 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 and amortization of R\$9 million, adjusted bankruptcy-related debt amounted to R\$142.7 million and US\$1.4 million (R\$7.9 million) on September 30, 2020 (R\$5.6407 - US\$1.00), for a total of around R\$150.6 million.

Class	Balance approved in CSR Plan	Discounts obtained	Debt charges	New authorized debts (disabled)	Payments made*	Assets given in payment	Final balance
<b>Class I – Labor Creditors – R\$ '000</b>	6,466	-	-	628	(7,094)	-	-
<b>Class II – Creditors with Security Interest – R\$ '000</b>	36,225	-	3,369	-	-	-	<b>39,594</b>
<b>Class III – Unsecured Creditors</b>		0	0	0	0	0	<b>0</b>
Option A – R\$ '000	107,672	(17,314)	2,593	(1,281)	(1,527)	(40,400)	<b>49,743</b>
Option A – US\$ '000	953	-	-	(486)	(1)	-	<b>466</b>
Option B – R\$ '000	87,208	(40,955)	2,705	-	(12)	-	<b>48,946</b>
Option B – US\$ '000	1,696	(763)	-	-	-	-	<b>933</b>
<b>Class IV – Micro and Small Company Creditors – R\$ '000</b>	4,612	0	196	-3	-374	0	<b>4,431</b>
<b>Total - R\$ '000</b>	<b>242,183</b>	<b>(58,269)</b>	<b>8,863</b>	<b>(656)</b>	<b>(9,007)</b>	<b>(40,400)</b>	<b>142,714</b>
<b>Total - US\$ '000</b>	<b>2,649</b>	<b>(763)</b>	<b>-</b>	<b>(486)</b>	<b>(1)</b>	<b>-</b>	<b>1,399</b>

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

## | Capex

Capex of Eternit and its subsidiaries totaled R\$6.8 million in 9M20, which went to the program for modernizing the fiber-cement industrial facilities, the project for manufacturing photovoltaic roofing tiles and investments allocated to operational continuity.

### Status of Projects

The Company raised R\$46.6 million from the capital increase through the issue of shares for private subscription. The proceeds will be allocated to the Photovoltaic Roofing Tiles and Fiber-Cement Modernization projects, including the Manaus plant.

## Monitoring of Project Funding – 9M20

R\$ '000	Total Investment	Paid
Photovoltaic Roofing Tiles	5,800	3,840
Program for modernizing the fiber-cement industrial	40,770	35
<b>Total</b>	<b>46,570</b>	<b>3,875</b>

(i) Photovoltaic Roofing Tiles – to showcase its pioneering technology, the Company installed a pilot production unit at its Tégula site in Atibaia, with photovoltaic energy generation capacity of 10.8 MW/a. The solution developed by Eternit consists of applying the photovoltaic cell, which generates electricity, directly on the tiles, thus avoiding the need for the structures usually required while using solar panels.



The initial lots produced will be shipped to pilot projects to be installed at strategic clients in diverse segments and regions across the country to check the performance and durability of the product in real applications.

(ii) Fiber-Cement – modernizing the fiber-cement plant, which includes the production of roofing tiles, molded products, construction systems and polypropylene fibers, giving priority to efficiency gains, higher productivity, product quality and lower costs. Detailing engineering activities of the main projects covered by the program were started during the period.

## | 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.

As established in the court-supervised reorganization plan, the following assets will be sold through auctions to make early payments to creditors:

### Liquidity Events

Class	Option	Assets to be sold through auctions	Minimum value (R\$ million)	Bankruptcy-related debt* (R\$ million)
<b>Class III</b>	<b>A</b>		<b>97.4</b>	<b>52.4</b>
		(i) Property in Aparecida de Goiânia	30.6	0.0
		(ii) property in Goiânia	66.8	0.0
<b>Class III</b>	<b>B</b>	(iii) CSC	<b>54.2</b>	<b>54.2</b>
<b>Total</b>			<b>151.6</b>	<b>106.6</b>

(\*) On 09/30/2020

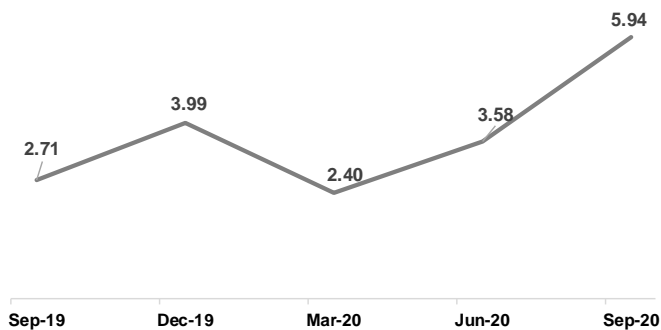
## CAPITAL MARKETS AND OWNERSHIP STRUCTURE

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.

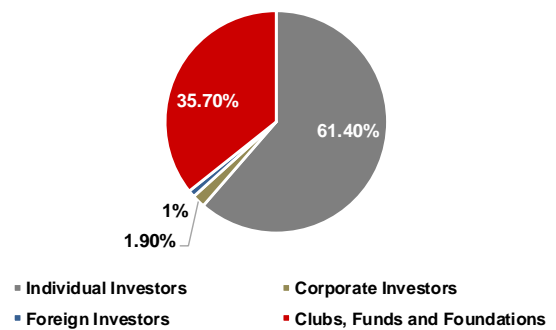
Eternit shares ended September 30, 2020 quoted at R\$5.94/share, resulting in market cap of R\$306.9 million.

With highly disperse stock ownership and no shareholders' agreement or controlling group, the Company's shareholder base maintains a high concentration of individual investors (61%). On the same date, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 42% of the total capital stock. Visit the Company's [site de RI](#) website for more information.

ETER3 Stock Performance-R\$



Shareholder Structuring 09/30/2020



## EVENTS SUBSEQUENT TO THE REPORTING PERIOD

On October 7, 2020, the auction procedure for UPI Louças Sanitária (CSC) was published in the Electronic Court Register (DJE) in accordance with item 52 of the Reorganization Plan of the Group. The auction will be held electronically three times: the first starting on 11/11/2020 and ending on 11/18/2020, the second starting on 11/19/2020 and ending on 11/26/2020 and the third starting on 11/27/2020 and ending on 12/04/2020. The minimum sale price for the acquisition of UPI Louças Sanitária (CSC) is about R\$54 million.

**ETERNIT S.A. – under Court-Supervised Reorganization**
**Balance Sheet**

R\$ '000

ASSETS	Parent Company		Consolidated	
	9/30/2020	12/31/2019	9/30/2020	12/31/2019
<b>Current</b>	<b>186,688</b>	<b>140,016</b>	<b>301,763</b>	<b>232,558</b>
Cash and cash equivalents	897	3,871	58,877	9,358
Accounts receivable	66,339	42,374	97,323	56,738
Inventories	43,024	77,049	57,224	104,921
Taxes recoverable	4,004	2,328	36,200	23,496
Related parties	57,788	3,136	-	-
Prepaid expenses	5,764	7,822	27,007	21,680
Other current assets	8,076	2,640	13,473	7,950
Noncurrent assets held for sale	796	796	11,659	8,415
<b>Non-current</b>	<b>301,795</b>	<b>246,905</b>	<b>321,891</b>	<b>313,029</b>
Judicial deposits	10,507	10,412	20,048	19,362
Taxes recoverable	25,229	25,128	35,320	40,834
Related parties	3,612	26,093	-	-
Other noncurrent assets	809	794	2,265	2,250
Investments	149,271	139,481	-	-
Right-of-use assets	-	-	10,373	11,210
Property, Plant and Equipment (PP&E)	111,040	44,861	252,418	238,789
Intangible assets	1,327	136	1,467	584
<b>Total assets</b>	<b>488,483</b>	<b>386,921</b>	<b>623,654</b>	<b>545,587</b>

**LIABILITIES AND EQUITY**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	09/30/20	12/31/19	09/30/20	12/31/19
<b>Current liabilities</b>	<b>198,130</b>	<b>206,841</b>	<b>225,629</b>	<b>228,576</b>
Trade accounts payable	38,685	34,951	64,882	59,719
Loans and financing	1,066	37,689	1,066	49,812
Related parties	75,815	85,951	-	-
Personnel expenses	18,490	11,773	23,033	15,650
Provision for post-employment benefits	2,622	2,622	7,118	7,118
Taxes, charges and contributions payable	24,223	11,716	34,669	19,559
Lease obligations	-	-	3,531	2,095
Other current liabilities	37,229	22,139	91,330	74,623
<b>Non-Current</b>	<b>208,974</b>	<b>182,902</b>	<b>316,576</b>	<b>319,789</b>
Loans and financing	9,327	9,327	65,712	63,762
Related parties	50,145	49,089	-	-
Taxes, charges and contributions payable	16,633	17,712	44,569	48,774
Labor obligations	7,033	7,664	8,952	9,974
Provision for tax, civil and labor risks	63,202	61,385	87,777	86,620
Provision for post-employment benefits	37,267	37,725	95,158	94,486
Provision for decommissioning of mine	-	-	6,817	6,817
Investment loss provision	25,301	-	-	-
Deferred income tax and social contributions	-	-	656	241
Other non-current liabilities	66	-	66	-
Lease obligations	-	-	6,869	9,115
<b>Equity</b>	<b>81,379</b>	<b>(2,822)</b>	<b>81,449</b>	<b>(2,778)</b>
Capital	385,537	338,967	385,537	338,967
Capital reserve	19,353	19,437	19,353	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(282,197)	(319,912)	(282,197)	(319,912)
Other comprehensive income	(41,140)	(41,140)	(41,140)	(41,140)
<b>Equity attributable to controlling interests</b>	<b>81,379</b>	<b>(2,822)</b>	<b>81,379</b>	<b>(2,822)</b>
Noncontrolling interests	-	-	70	44
<b>Total liabilities and equity</b>	<b>488,483</b>	<b>386,921</b>	<b>623,654</b>	<b>545,587</b>

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

Income Statements								
R\$ '000	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
<b>Net revenue</b>	<b>150,931</b>	<b>104,738</b>	<b>44.1</b>	<b>101,931</b>	<b>48.1</b>	<b>345,347</b>	<b>310,883</b>	<b>11.1</b>
Cost of goods sold	(107,119)	(87,755)	22.1	(89,360)	19.9	(277,016)	(272,538)	1.6
<b>Gross profit (loss)</b>	<b>43,812</b>	<b>16,983</b>	<b>158.0</b>	<b>12,571</b>	<b>248.5</b>	<b>68,331</b>	<b>38,345</b>	<b>78.2</b>
<i>Gross margin</i>	<i>29%</i>	<i>16%</i>	<i>13 p.p.</i>	<i>12%</i>	<i>17 p.p.</i>	<i>20%</i>	<i>12%</i>	<i>8 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>(18,118)</b>	<b>(17,536)</b>	<b>3.3</b>	<b>52,380</b>	<b>-</b>	<b>15,855</b>	<b>(60,731)</b>	<b>-</b>
Selling expenses	(10,427)	(9,893)	5.4	(7,643)	36.4	(26,159)	(27,061)	(3.3)
General and administrative expenses <sup>2</sup>	(14,995)	(12,219)	22.7	(9,588)	56.4	(34,941)	(30,284)	15.4
Other operating income (expenses), net	7,304	4,576	59.6	69,611	(89.5)	76,955	(3,386)	-
<b>Operating income (expenses) before equity pickup (EBIT)</b>	<b>25,694</b>	<b>(553)</b>	<b>-</b>	<b>64,951</b>	<b>(60.4)</b>	<b>84,186</b>	<b>(22,386)</b>	<b>-</b>
<i>EBIT margin</i>	<i>17%</i>	<i>-1%</i>	<i>18 p.p.</i>	<i>64%</i>	<i>-47 p.p.</i>	<i>24%</i>	<i>-7%</i>	<i>31 p.p.</i>
Equity pickup	14,457	26,214	(44.9)	(48,598)	-	(39,543)	2,338	-
Loss on impairment of assets and provision for restructuring	-	(57)	(100.0)	-	-	-	(395)	(100.0)
Remeasurement of Investment – business combination - CSC	-	2,566	(100.0)	-	-	-	2,566	(100.0)
<b>Operating income (expenses) before financial expenses (EBIT*)</b>	<b>40,151</b>	<b>28,170</b>	<b>42.5</b>	<b>16,353</b>	<b>145.5</b>	<b>44,643</b>	<b>(17,877)</b>	<b>-</b>
Financial income (expenses), net	3,300	8,369	(60.6)	(3,721)	-	(3,408)	(588)	479.7
<b>Income (loss) before income and social contribution taxes</b>	<b>43,451</b>	<b>36,539</b>	<b>18.9</b>	<b>12,632</b>	<b>244.0</b>	<b>41,235</b>	<b>(18,465)</b>	<b>-</b>
Current (loss) income and social contributions taxes	(3,520)	-	-	-	-	(3,520)	-	-
Deferred (loss) income and social contributions taxes	-	(873)	(100.0)	-	-	-	(873)	(100.0)
<b>Net income (loss) for the year</b>	<b>39,931</b>	<b>35,666</b>	<b>12.0</b>	<b>12,632</b>	<b>216.1</b>	<b>37,715</b>	<b>(19,338)</b>	<b>-</b>

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

Income Statements								
R\$ '000	3Q20	3Q19	% Chg.	2Q20	% Chg.	9M20	9M19	% Chg.
<b>Gross revenues</b>	<b>254,124</b>	<b>167,101</b>	<b>52.1</b>	<b>173,463</b>	<b>46.5</b>	<b>574,373</b>	<b>478,995</b>	<b>19.9</b>
Gross revenues deductions	(52,985)	(39,933)	32.7	(34,268)	54.6	(120,403)	(111,142)	8.3
<b>Net revenue</b>	<b>201,139</b>	<b>127,294</b>	<b>58.0</b>	<b>139,195</b>	<b>44.5</b>	<b>453,970</b>	<b>367,979</b>	<b>23.4</b>
Cost of goods sold	(124,546)	(114,654)	8.6	(110,921)	12.3	(329,333)	(325,546)	1.2
<b>Gross profit (loss)</b>	<b>76,593</b>	<b>12,640</b>	<b>506.0</b>	<b>28,274</b>	<b>170.9</b>	<b>124,637</b>	<b>42,433</b>	<b>193.7</b>
<i>Gross margin</i>	<i>38%</i>	<i>10%</i>	<i>28 p.p.</i>	<i>20%</i>	<i>18 p.p.</i>	<i>27%</i>	<i>12%</i>	<i>15 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>(32,061)</b>	<b>20,555</b>	<b>-</b>	<b>(5,947)</b>	<b>439.1</b>	<b>(66,396)</b>	<b>(46,586)</b>	<b>42.5</b>
Selling expenses	(15,340)	(13,033)	17.7	(12,526)	22.5	(38,490)	(40,002)	(3.8)
General and administrative expenses <sup>2</sup>	(23,416)	(18,190)	28.7	(15,606)	50.0	(57,470)	(49,689)	15.7
Other operating income (expenses), net	6,695	49,553	(86.5)	22,185	(69.8)	29,564	41,218	(28.3)
Equity pickup	-	18,204	-10000%	-	-	-	10,766	-10000%
Loss on impairment of assets and provision for restructuring	-	(337)	(100.0)	-	-	-	(675)	(100.0)
Remeasurement of Investment – business combination - CSC	-	2,562	(100.0)	-	-	-	2,562	(100.0)
<b>Operating income (expenses) before financial expenses (EBIT*)</b>	<b>44,532</b>	<b>51,399</b>	<b>(13.4)</b>	<b>22,327</b>	<b>99.4</b>	<b>58,241</b>	<b>6,613</b>	<b>780.7</b>
Financial income (expenses), net	2,986	15,488	(80.7)	(5,065)	-	(7,675)	6,192	-
<b>Income (loss) before income and social contribution taxes</b>	<b>47,518</b>	<b>66,887</b>	<b>(29.0)</b>	<b>17,262</b>	<b>175.3</b>	<b>50,566</b>	<b>12,805</b>	<b>294.9</b>
Current (loss) income and social contributions taxes	(7,559)	(15,961)	(52.6)	(4,576)	65.2	(12,496)	(16,505)	(24.3)
Deferred (loss) income and social contributions taxes	(4)	(15,266)	(100.0)	(129)	(96.9)	(414)	(15,638)	(97.4)
<b>Net income (loss) for the period</b>	<b>39,955</b>	<b>35,660</b>	<b>12.0</b>	<b>12,557</b>	<b>218.2</b>	<b>37,656</b>	<b>(19,338)</b>	<b>-</b>
<i>Net margin</i>	<i>20%</i>	<i>28%</i>	<i>-8 p.p.</i>	<i>9%</i>	<i>11 p.p.</i>	<i>8%</i>	<i>-5%</i>	<i>13 p.p.</i>
<b>Adjusted Net income (loss) for the period</b>	<b>34,380</b>	<b>14,427</b>	<b>138.3</b>	<b>(534)</b>	<b>-</b>	<b>22,269</b>	<b>(29,816)</b>	<b>-</b>
<i>Adjusted Net margin</i>	<i>17%</i>	<i>11%</i>	<i>6 p.p.</i>	<i>0%</i>	<i>17 p.p.</i>	<i>5%</i>	<i>-8%</i>	<i>13 p.p.</i>
Earnings (loss) per share, basic and diluted - R\$	0.7733	1.1226		0.3953		0.7288	(0.6088)	
<b>EBITDA</b>	<b>50,169</b>	<b>66,585</b>	<b>(24.7)</b>	<b>27,328</b>	<b>83.6</b>	<b>72,769</b>	<b>29,412</b>	<b>147.4</b>
<i>EBITDA margin</i>	<i>25%</i>	<i>52%</i>	<i>-27 p.p.</i>	<i>20%</i>	<i>5 p.p.</i>	<i>16%</i>	<i>8%</i>	<i>8 p.p.</i>
<b>Adjusted EBITDA</b>	<b>41,722</b>	<b>16,210</b>	<b>157.4</b>	<b>7,493</b>	<b>456.8</b>	<b>49,455</b>	<b>2,770</b>	<b>1,685.4</b>
<i>Adjusted EBITDA Margin</i>	<i>21%</i>	<i>13%</i>	<i>8 p.p.</i>	<i>5%</i>	<i>16 p.p.</i>	<i>11%</i>	<i>1%</i>	<i>10 p.p.</i>

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

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

<sup>2</sup> Includes Management Compensation.

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

R\$ '000 - Accumulated	Parent Company		Consolidated	
	9/30/2020	09/30/19	9/30/2020	09/30/19
<b>Cash flows from operating activities</b>				
<b>Loss (income) before income and social contribution taxes</b>	<b>41,234</b>	<b>(18,465)</b>	<b>50,565</b>	<b>12,803</b>
<b>Adjustments to concile pre-tax income to net cash generated by operating activities:</b>				
Equity pickup	39,543	14,654	-	-
Remeasurement of Investment	-	(20,180)	-	(10,766)
Depreciation and amortization	5,663	4,425	14,528	22,799
Gain (loss) on disposal of property, plant and equipment and intangible assets	(864)	-	(774)	3,215
Allowance for doubtful accounts	663	773	1,271	797
Provision for impairment of net realizable value	(1,134)	(1,322)	1,441	(882)
Estimated impairment losses	(71,636)	-	(26,563)	-
Provision for tax, civil and labor risks	1,817	(15)	1,158	5,559
Provision for decommissioning of mine	-	-	-	(14,417)
Provision for restructuring	-	-	-	(178)
Provision for granting	-	(91)	-	(158)
Financial charges, and monetary and exchange variations	1,373	4,892	1,347	6,747
Property, plant and equipment given in payment	-	(16,500)	-	(40,400)
Discount in debt - Court-supervised reorganization	-	(12,757)	-	(23,000)
Amortization of right of use	-	-	837	-
	<b>16,659</b>	<b>(44,586)</b>	<b>43,810</b>	<b>(37,881)</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts receivable	(22,760)	(6,796)	(37,914)	70,513
Related parties	(56,444)	(70,089)	-	18,709
Inventories	35,159	(6,829)	46,256	653
Taxes recoverable	(1,777)	644	(7,381)	6,539
Judicial deposits	(95)	(5,709)	(686)	(7,958)
Other assets	(3,391)	(1,080)	(10,771)	1,617
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	3,734	15,177	5,452	24,491
Related parties	(9,802)	111,416	-	(6,117)
Taxes, charges and contributions payable	8,982	(522)	6,173	5,895
Personnel expenses	6,086	1,501	6,361	(6,487)
Post-employment benefits	(458)	286	672	471
Restructuring expenses	-	(178)	-	-
Lease obligations	-	(2,229)	(810)	(2,087)
Other liabilities	15,157	(3,002)	16,772	(11,972)
<b>Cash provided by operating activities</b>	<b>(8,950)</b>	<b>(11,996)</b>	<b>67,934</b>	<b>56,386</b>
Interest paid	(327)	(1,357)	(502)	(1,357)
Income and social contribution taxes paid	(1,026)	-	(8,166)	(15,924)
<b>Net cash provided by operating activities</b>	<b>(10,303)</b>	<b>(13,353)</b>	<b>59,266</b>	<b>39,105</b>
<b>Cash flow from investing activities</b>				
Cash business combinations CSC	-	-	-	1,537
Additions to PP&E and intangible assets	(2,402)	(2,958)	(6,816)	(5,481)
<b>Net cash used in investing activities</b>	<b>(2,402)</b>	<b>(2,958)</b>	<b>(6,816)</b>	<b>(3,944)</b>
<b>Cash flows from financing activities</b>				
Loans and financing raised	29,452	142,605	48,365	91,889
Repayment of loans and financing	(66,291)	(132,573)	(97,866)	(130,449)
Dividends	-	(23)	-	(23)
Increase in capital stock	46,570	4,716	46,570	4,716
<b>Net cash used in financing activities</b>	<b>9,731</b>	<b>14,725</b>	<b>(2,931)</b>	<b>(33,867)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(2,974)</b>	<b>(1,586)</b>	<b>49,519</b>	<b>1,294</b>
At beginning of period	3,871	6,438	9,358	9,181
At end of period	897	4,852	58,877	10,475
<b>Decrease (Increase) in cash and cash equivalents</b>	<b>(2,974)</b>	<b>(1,586)</b>	<b>49,519</b>	<b>1,294</b>