



São Paulo, March 25, 2020 –Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, “Company”) announces today the results for the fourth quarter of 2019 (4Q19). 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 fourth quarter of 2018 (4Q18), except where stated otherwise.

## Fiber-cement sales up 18% in 4Q19 and 24% in 2019

### 4Q19

#### Listing Segment

Novo Mercado of B3

#### Share Price ETER3 (02/28/2020)

R\$/share 5.29  
US\$/share 1.18

#### Shareholders Base (02/28/2020)

Shares issued 31,773,929  
Free Float 99.3%

#### Market Cap (02/28/2020)

R\$168.1 million  
US\$ 37.4 million

#### Indicators - (Dec/19)

EPS (R\$/share) N/A  
Price/EPS N/A

#### Conference Call/Webcast

March 26, 2020, Thursday

Time: 10:00 a.m. (Brasília)

#### Dial-in:

From Brazil

+55 (11) 3193-1080 or +55 (11) 2820-4080

Password: Eternit

#### Webcast:

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

<http://choruscall.com.br/eternit/4t19.htm>

#### Talk to IR

[ri@eternit.com.br](mailto:ri@eternit.com.br)

(11) 3194-3881 or 3194-3884

### Highlights

- **Fiber-cement roofing panel sales** grew 18% in 4Q19 vs. 4Q18 and 24% in 2019.
- **Sales of construction systems** (cement cladding panels wall cladding panels) increased 100% in 4Q19 vs. 4Q18 and 50% in 2019.
- Driven by the demand for fiber-cement, polypropylene fiber production at **Eternit Amazônia** grew 65% in 2019 compared to 2018.
- **Sales of sanitary ware** rose 2% in 2019 vs. 2018.
- Event subsequent to the reporting period: On February 11, 2020, a Material Fact notice was disclosed informing about the processing of the remaining mineral already extracted by SAMA, based on Law 20,514 of July 16, 2019 of the State of Goiás, which allows for processing of chrysotile asbestos for export purposes.
- The Company informs that its operations are sharply focused on the domestic market and that its performance depends on the level of economic activity in the country. The COVID-19 pandemic has rapidly worsened the macroeconomic conditions, forcing Management to take preventive actions. Despite the difficulty in measuring the impacts on the Company, this highly uncertain scenario brings additional risk to the business.

### Main Indicators

Consolidated - R\$ '000	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
Gross revenues	159,541	181,623	(12.2)	167,227	(4.6)	638,536	668,516	(4.5)
Net revenues	120,692	147,882	(18.4)	127,294	(5.2)	488,671	536,905	(9.0)
Gross profit	26,137	29,137	(10.3)	12,640	106.8	68,570	104,119	(34.1)
Adjusted Gross margin	22%	20%	2 p.p.	10%	12 p.p.	14%	20%	- 6 p.p.
Operating loss/income (EBIT) <sup>1</sup>	30,788	(43,007)	-	51,399	(40.1)	37,401	(105,888)	-
Net income (loss) for the period	6,712	(60,346)	-	35,660	(81.2)	(12,626)	(149,367)	(91.5)
EBITDA Margin	6%	-41%	47 p.p.	28%	- 22 p.p.	-3%	-28%	25 p.p.
Adjusted Net income (loss) for the period	(4,322)	(30,126)	(85.7)	1,339	-	(54,343)	(112,509)	(51.7)
Adjusted Net margin	-4%	-20%	16 p.p.	1%	- 5 p.p.	-11%	-21%	10 p.p.
Earnings (loss) per share - R\$	0.2113	(2.0234)	-	1.1226	-	(0.3975)	(5.0085)	(92.1)
CAPEX	2,668	1,938	37.7	3,178	(16.0)	7,966	6,910	15.3
EBITDA <sup>2</sup>	34,367	(38,666)	-	58,721	(41.5)	55,915	(92,263)	-
EBITDA Margin	28%	-26%	54 p.p.	46%	- 18 p.p.	11%	-17%	28 p.p.
Adjusted EBITDA	(1,365)	(4,838)	(71.8)	2,278	-	(9,918)	(35,568)	(72.1)
Adjusted EBITDA Margin	-1%	-3%	2 p.p.	2%	- 3 p.p.	-2%	-7%	5 p.p.

<sup>1</sup> Before financial results.

<sup>2</sup> Operating income before interests, taxes, depreciation and amortization



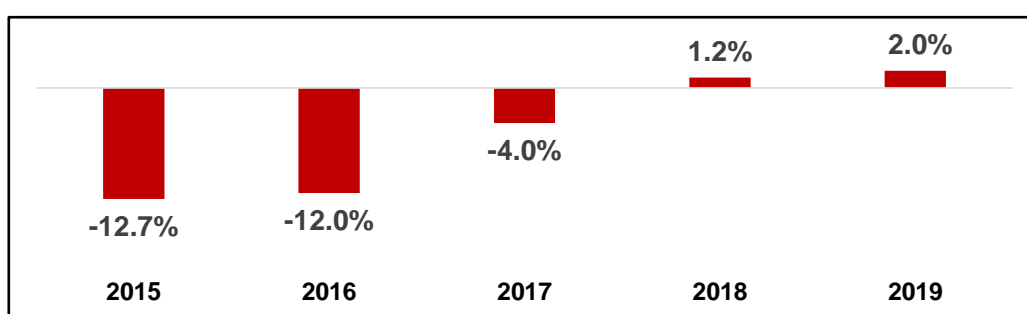
## Economy and Market

In 2019, the Brazilian economy once again registered modest performance, maintaining the slow recovery trend seen in recent years, with GDP growing 1.1%<sup>1</sup> in the year. On the other hand, according to data available, the construction industry registered 1.6%<sup>1</sup> growth in 2019, interrupting a 4-year series of decline in the construction sector GDP. However, at the end of the year (4Q19), the industry once again contracted 2.5%<sup>1</sup> compared to 3Q19.

Among the factors that drove the industry's growth, albeit modest, the following stand out: (i) reduction in the basic interest rate (SELIC); (ii) increase in the number of real estate projects targeted at the commercial and residential segments; and (iii) the impact of allowing FGTS funds to be withdrawn, which was responsible for the 0.5%<sup>1</sup> increase in domestic consumption in 4Q19 compared to 3Q19.

As reported by ABRAMAT<sup>2</sup>, the construction materials sector has reported moderate growth. In the year, sales were up 2% from 2018, notably in the last quarter of 2019, reflecting the healthy performance in the retail segment due to the recovery in household consumption.

Construction material revenue, not adjusted for inflation



On the other hand, data from ANAMACO<sup>3</sup> show that sales at construction material stores grew 5% in the year compared to 2018, with highlights for the North and Northeast regions.

For 2020, as a consequence of the impact from COVID-19 outbreak over the country's economic activities, GDP growth estimate was reduced by the Government to 0.02%<sup>4</sup>, marking a picture of economic stagnation.

## Management Comments

Operational performance in 4Q19 was marked by: (i) the continued recovery of industrial performance of the fiber-cement units, overcoming the difficulties arising from the technology migration seen in 2018; and (ii) the 18% growth in fiber-cement roofing panels sales as against the same period in 2018.

We emphasize that Eternit's consolidated results in the year 2019 presented significant changes compared to 2018, as follows: (i) stoppage of SAMA mining company as from February; and (ii) accounting for CSC results as from June.

Eternit keeps focused on optimizing its fiber-cement roofing panels manufacturing process, on securing margins that ensure the business' sustainability, on following the CSRP and diversifying its product line, with emphasis on the development of construction systems (wall and cement cladding panels) and implementing the photovoltaic roofing tiles unit.

<sup>1</sup> IBGE: 2019 GDP data – 3/4/2020

<sup>2</sup> ABRAMAT: Brazilian Construction Materials Industry Association – 03/13/2020

<sup>3</sup> ANAMACO: National Association of Construction Material Dealers – 01/02/2020

<sup>4</sup> SPE: Government's Secretariat of Economic Policy – 03/20/2020



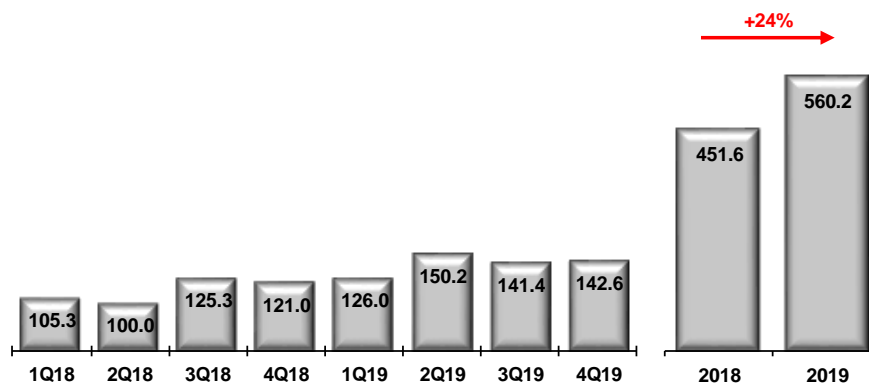
## Operational and Financial Aspects

### Sales

#### Fiber-cement roofing panels

Fiber-cement units registered a good operating performance in the quarter, allowing for the recovery of its market share and posting growth of 18% in roofing panel sales in 4Q19 as against 4Q18. In the year, despite the tepid economic and construction recovery, sales in 2019 were 24% higher than in 2018.

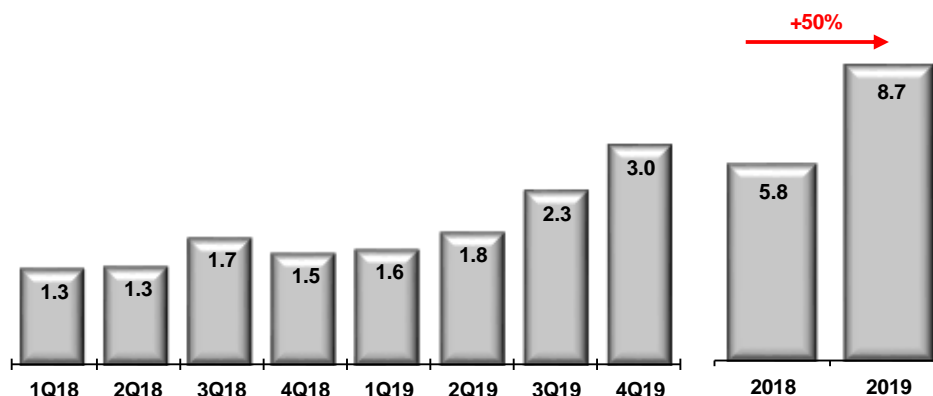
Sales of Fiber-cement (thous. Tons.)



#### Construction systems

Sales of cement cladding panels and wall cladding panels (construction systems) registered continuous growth during 2019. In 4Q19, growth was 100% compared to 4Q18, while growth in the year was 50% higher than in 2018.

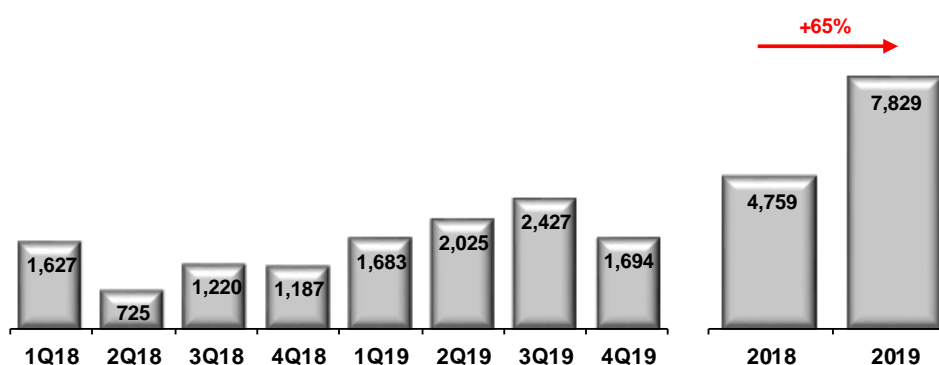
Sales of Construction Systems (thous. Tons.)



#### Polypropylene Fiber production

The 4<sup>th</sup> quarter of 2019 was marked by a decrease in production at the Manaus plant, totaling 1,694 tons, since an adequate level of safety stock was reached at the fiber-cement units in 3Q19. Meanwhile, the year saw a significant 65% increase in production compared to 2018.

Polypropylene fibers production (Tons.)

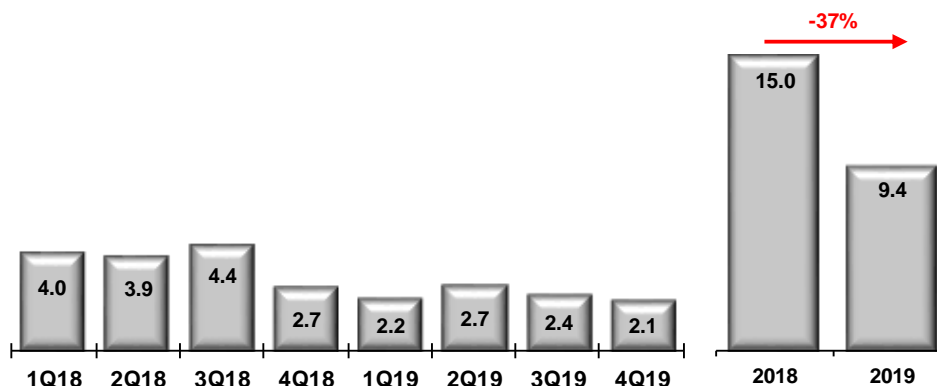




### Concrete Roofing Tiles

Sales of concrete roofing tiles in 4Q19 fell 22% from 4Q18 and 37% in the year. In light of this performance, the commercial strategy is being reviewed in order to focus on the Southeast region, expanding the dispersion and coverage of regions served and providing services to construction companies focused on the medium and high standard residential condos.

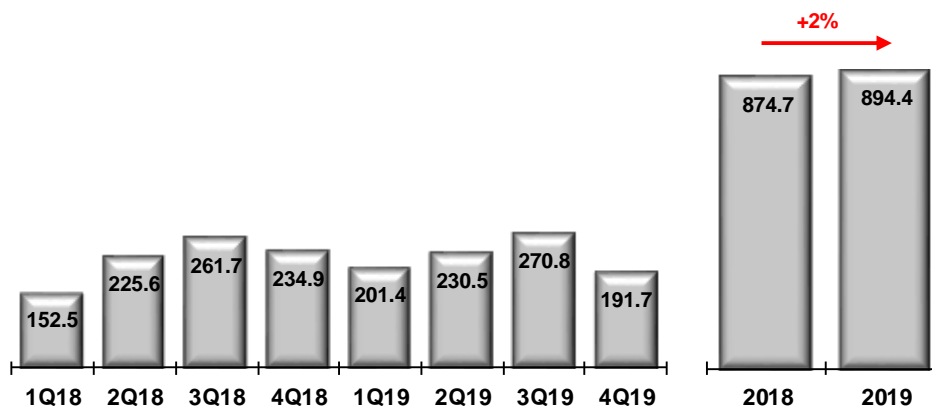
Sales of Concrete Roofing Tiles (million pieces)



### Sanitary ware

Bathroom chinaware sales rose 2% in the year. However, in 4Q19, the market slowdown and the surplus installed capacity existing in the country resulted in an 18% drop in sales in 4Q19 compared to 4Q18.

Sales (thousand pieces)



### Net revenue

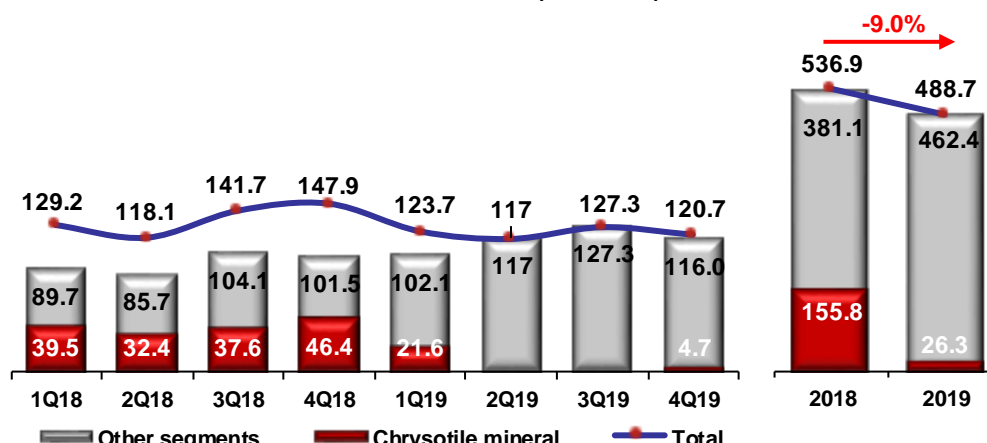
Eternit's consolidated results in 2019 were significantly different compared to 2018, as follows: (i) suspension of operations at SAMA in February; and (ii) booking of CSC results as from June.

Considering these exceptions, revenue totaled R\$120.7 million in the quarter, 18% down from 4Q18. It should be noted that in 4Q19 the company exported chrysotile asbestos available in the inventory since the suspension of operations at SAMA. On the other hand, net revenue from the domestic market rose 14% in 4Q19 vs. 4Q18.

In 2019, net revenue fell 9.0% from 2018. Once again, in the domestic market, accrued net revenue was 18% higher than in 2018.



Consolidated Net Revenue (R\$ million)



### Costs of Goods and Products Sold

Costs of goods and products sold totaled R\$94.6 million in 4Q19, down 20.4% from 4Q18. In the year, these costs totaled R\$420.1 million, down 2.9% from 2018.

Gross margin in the period was 14%, 5 p.p. lower than in 2018, mainly due to the suspension of SAMA's operations.

R\$ '000	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
Net Revenue	120,692	147,882	(18.4)	127,294	(5.2)	488,671	536,905	(9.0)
<b>Cost of goods sold</b>	<b>(94,555)</b>	<b>(118,745)</b>	<b>(20.4)</b>	<b>(114,654)</b>	<b>(17.5)</b>	<b>(420,101)</b>	<b>(432,786)</b>	<b>(2.9)</b>
Gross Profit	26,137	29,137	(10.3)	12,640	-	68,570	104,119	(34.1)
Gross Margin	22%	20%	2 p.p.	10%	12 p.p.	14%	19%	- 5 p.p.

### Operating Expenses

Operating Revenues totaled R\$7.0 million in 4Q19, considering non-recurring events recognized under "Other operating income" (reversal of provisions in 4Q19).

The sum of "Selling expenses" and "General and administrative expenses", inherent to the operational activities, fell R\$12.5 million in 4Q19 vs. 4Q18. In the year, this line declined R\$36.2 million compared to 2018.

In R\$ '000	4Q19	4Q18	Chg. %	3Q19	Chg. %	2019	2018	Chg. %
Selling expenses	(10,696)	(20,015)	(46.6)	(13,033)	(17.9)	(50,698)	(71,903)	(29.5)
General and administrative expenses*	(19,485)	(22,699)	(14.2)	(18,190)	7.1	(69,174)	(84,128)	(17.8)
Other operating revenues (expenses), net	23,189	(2,775)	-	49,553	(53.2)	64,407	(13,296)	-
<b>Total operating expenses</b>	<b>(6,992)</b>	<b>(45,489)</b>	<b>(84.6)</b>	<b>18,330</b>	<b>(138.1)</b>	<b>(55,465)</b>	<b>(169,327)</b>	<b>(67.2)</b>
Percentage of Net Revenue	-6%	-31%	25 p.p.	14%	- 20 p.p.	-11%	-32%	21 p.p.

\* Includes Management Compensation.

### Net Financial Income (Expense)

Net Financial Result was an income of R\$846,000 in 4Q19, due to the refund of interest on the debt denominated in U.S. dollar of Class III of the Court-Supervised Reorganization Plan. In 2019, the net financial result was an income of R\$7.0 million, after booking the discounts on debt under the Court-Supervised Reorganization Plan ("haircut"), recognized under "Financial Income".

In R\$ '000	4Q19	4Q18	Chg. %	3Q19	Chg. %	2019	2018	Chg. %
Financial expenses - bankruptcy-related debt	(2,327)	-	-	(2,622)	(11.3)	(5,731)	-	-
Others Financial expenses	(6,168)	(5,980)	3.1	(6,478)	(4.8)	(22,518)	(33,580)	(32.9)
Financial income	9,419	681	1,283.1	25,413	(62.9)	36,018	4,160	765.8
Exchange variation	(78)	275	-	(330)	(76.4)	(731)	1,986	-
<b>Net financial result</b>	<b>846</b>	<b>(5,024)</b>	<b>-</b>	<b>15,983</b>	<b>(94.7)</b>	<b>7,038</b>	<b>(27,434)</b>	<b>-</b>



## EBITDA

Accounting EBITDA was a positive R\$34.4 million in 4Q19, affected by positive effects related to the reversal of impairment and provisions for labor, tax and civil contingencies.

In the year, adjusted EBITDA, excluding non-recurring events, was a deficit of R\$9.9 million, as against a deficit of R\$35.6 million in 2018. Note that EBITDA in 2H19 was a surplus of R\$913,000.

Reconciliation of consolidated EBITDA - (R\$'000)	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
<b>Net Income (loss)</b>	<b>6,712</b>	<b>(60,346)</b>	-	<b>35,660</b>	<b>(81.2)</b>	<b>(12,626)</b>	<b>(149,367)</b>	<b>(91.5)</b>
Income tax and social contributions	24,922	7,643	226.1	31,227	(20.2)	57,065	16,045	255.7
Net financial income	(846)	9,696	-	(15,488)	(94.5)	(7,038)	27,434	-
Depreciation and amortization	3,579	4,341	(17.6)	7,322	(51.1)	18,514	13,625	35.9
<b>EBITDA<sup>1</sup></b>	<b>34,367</b>	<b>(38,666)</b>	-	<b>58,721</b>	<b>(41.5)</b>	<b>55,915</b>	<b>(92,263)</b>	-
EBITDA Margin	28%	-26%	54 p.p.	46%	- 18 p.p.	11%	-17%	28 p.p.
Equity pickup	-	2,820	(100.0)	(18,204)	(100.0)	(10,766)	15,629	-
Remeasurement of Investment – business combination - CSC	(735)	-	-	(2,562)	(71.3)	(3,297)	-	-
<b>Non-recurring events</b>								
Restructuring	103	445	(76.9)	215	(52.1)	656	1,886	(65.2)
Expenses related to the judicial recovery process	527	1,874	(71.9)	505	(73.2)	1,909	8,991	(78.8)
Breaking of products in the production process*	-	-	-	-	-	-	521	(100.0)
Provisions for contingencies	(26,387)	-	-	-	-	(26,387)	-	-
Estimated loss due to goodwill of assets	10,661	-	-	-	-	10,661	-	-
Estimated loss due to impairment of assets	(24,805)	23,390	-	(4,192)	491.7	(26,388)	23,390	-
Production interruption of SAMA	3,340	-	-	4,655	(28.2)	22,072	-	-
Production interruption of Precon	472	-	-	264	78.8	1,739	-	-
Manufacturing inefficiencies**	-	-	-	-	-	-	979	(100.0)
Extemporaneous credit of ICMS in the PIS/COFINS ***	(2,706)	-	-	-	-	(2,706)	-	-
Receivables of judgment debt compulsory of Eletrobrás ****	(6,190)	-	-	-	-	(6,190)	-	-
Capital gain - Dation of assets *****	-	-	-	(37,124)	(100.0)	(37,124)	-	-
Provision for post-employment benefit *****	9,988	5,299	88.5	-	-	9,988	5,299	88.5
<b>Recurring and Adjusted EBITDA<sup>2</sup></b>	<b>(1,365)</b>	<b>(4,838)</b>	<b>(71.8)</b>	<b>2,278</b>	<b>(159.9)</b>	<b>(9,918)</b>	<b>(35,568)</b>	<b>(72.1)</b>
Adjusted EBITDA Margin	-1%	-3%	2 p.p.	2%	- 3 p.p.	-2%	-7%	5 p.p.

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

\*\* Manufacturing inefficiencies caused by the migration from asbestos to synthetic fiber

\*\*\* Extemporaneous credit of Tegula related to the lawsuit requesting the refund of ICMS in the PIS/COFINS calculated base.

\*\*\*\* Receivables of judgment debt owed by the government related to compulsory loans in the electricity bill

\*\*\*\*\* Dation, of the assets designated in Clusters I and II of Option A of Class III

\*\*\*\*\* The subsidiary Sama changed the contractual modality in the medical plan that changed from a post-payment model to a prepayment model

<sup>1</sup> Consolidated EBITDA includes the results from 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).

<sup>2</sup> 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, as well as non-recurring events.

## Net Income (Loss)

In 4Q19, Eternit registered net income of R\$6.7 million and, excluding non-recurring events, adjusted net loss of R\$4.3 million, as against the adjusted loss of R\$30.1 million in 4Q18. In 2019, the Company recorded net loss of R\$12.6 million, compared to net loss of R\$149.4 million in 2018.

Consolidated Net Income (loss) for the year (R\$'000)	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
<b>Net Income (loss)</b>	<b>6,712</b>	<b>(60,346)</b>	-	<b>35,660</b>	<b>(81.2)</b>	<b>(12,626)</b>	<b>(149,367)</b>	<b>(91.5)</b>
Net Margin	6%	-41%	47 p.p.	28%	- 22 p.p.	-3%	-28%	25 p.p.
<b>Non-recurring events</b>								
Restructuring	103	445	(76.9)	215	(52.1)	656	1,886	(65.2)
Expenses related to the judicial recovery process	527	1,874	(71.9)	505	4.4	1,909	8,991	(78.8)
Breaking of products in the production process	-	-	-	-	-	-	521	(100.0)
Provisions for contingencies	(26,387)	-	-	-	-	(26,387)	-	-
Estimated loss due to goodwill of assets	10,661	-	-	-	-	10,661	-	-
Estimated loss due to impairment of assets	(24,805)	23,390	-	(4,192)	491.7	(26,388)	23,390	-
Production interruption of SAMA	3,340	-	-	4,655	(28.2)	22,072	-	-
Production interruption of Precon	472	-	-	264	78.8	1,739	-	-
Manufacturing inefficiencies	-	-	-	-	-	-	979	(100.0)
Provision for post-employment benefit	9,988	5,299	88.5	-	-	9,988	5,299	88.5
Extemporaneous credit of ICMS in the PIS/COFINS	(2,706)	-	-	-	-	(2,706)	-	-
Receivables of judgment debt compulsory of Eletrobrás	(6,190)	-	-	-	-	(6,190)	-	-
Capital gain - Dation of assets	-	-	-	(37,124)	(100.0)	(37,124)	-	-
Haircut - Court-Supervised Reorganization Plan	-	-	-	(23,970)	(100.0)	(23,970)	-	-
Remeasurement of Investment – business combination - CSC	(735)	-	-	(2,562)	(71.3)	(3,297)	-	-
Effect of Income and social contributions taxes*	24,698	(788)	-	27,888	(11.4)	37,320	(4,208)	-
<b>Adjusted Net income (loss) for the period</b>	<b>(4,322)</b>	<b>(30,126)</b>	<b>(85.7)</b>	<b>1,339</b>	<b>(422.7)</b>	<b>(54,343)</b>	<b>(112,509)</b>	<b>(51.7)</b>
Adjusted Net margin	-4%	-20%	16 p.p.	1%	- 5 p.p.	-11%	-21%	10 p.p.

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





## Bank debt

Eternit ended December 31, 2019, with gross bank debt of R\$113.6 million, which includes working capital lines and installments of the bankruptcy-related debt owed to banks.

DEBT - R\$ '000	12/31/19	12/31/18	% Chg.	09/30/19	% Chg.
Short-term gross debt	49,812	98,824	-49.6%	50,379	-1.1%
Long-term gross debt	63,762	32,101	98.6%	58,419	9.1%
<b>Total gross debt</b>	<b>113,574</b>	<b>130,925</b>	<b>-13.3%</b>	<b>108,798</b>	<b>4.4%</b>
(-) Cash and cash equivalents	9,358	9,181	1.9%	10,475	-10.7%
<b>(-) Cash and short-term investments</b>	<b>9,358</b>	<b>9,181</b>	<b>1.9%</b>	<b>10,475</b>	<b>-10.7%</b>
<b>Net debt</b>	<b>104,216</b>	<b>121,744</b>	<b>-14.4%</b>	<b>98,323</b>	<b>6.0%</b>

The bank debt profile on December 31, 2019 was: 5.8% in foreign currency and 94.2% in local currency. Bank debt in foreign currency results from advances on foreign exchange delivered (ACE) operations derived from exports.

## 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), recorded under diverse Balance Sheet lines. Following the haircut and the property, plant and equipment given in payment, bankruptcy-related debt totaled R\$140.9 million and US\$1.1 million (R\$4.4 million) on December 31, 2019.

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
<b>Class I</b> – Labor Creditors – R\$ '000	6,466	-	-	181	(6,647)	-	-
<b>Class II</b> – Creditors with Security Interest – R\$ '000	36,225	-	1,419	-	-	-	37,644
<b>Class III</b> – Unsecured Creditors							
Option A – R\$ '000	107,672	(17,314)	2,547	-	(1,586)	(40,400)	50,919
Option A – US\$ '000	953	-	-	(797)	-	-	156
Option B – R\$ '000	87,208	(40,694)	1,601	-	-	-	47,845
Option B – US\$ '000	1,696	(763)	-	-	-	-	933
<b>Class IV</b> – Micro and Small Company Creditors – R\$ '000	4,612	-	121	-	(245)	-	4,488
<b>Total – R\$ '000</b>	<b>242,183</b>	<b>(58,278)</b>	<b>5,688</b>	<b>181</b>	<b>(8,478)</b>	<b>(40,400)</b>	<b>140,896</b>
<b>Total – US\$ '000</b>	<b>2,649</b>	<b>(763)</b>		<b>(797)</b>	<b>-</b>		<b>1,089</b>

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

## Capex

Capex of Eternit and its subsidiaries in 4Q19 totaled R\$2.7 million, and R\$7.9 million in 2019, and mainly went to the maintenance and modernization of the Group's industrial facilities. As described in the section "Events Subsequent to the Reporting Period", the COVID-19 outbreak and its effects on the Company's financial performance led to an austere management of investments in 2020.

## Capital Markets

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.

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 75% of the shareholder base on December 31, 2019, while clubs, investment funds and foundations accounted for 22% and foreign investors and corporate shareholders 3%. In December 2019, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 31.2% of the total capital stock.

Eternit stock ended 4Q19 quoted at R\$4.20/share, resulting in a market cap of R\$133.5 million. Visit the Company's [IR website](#) for more information.



## **Court-Supervised Reorganization**

On October 15, 2019, escrow payments to Class I labor creditors were made as set forth in the Court-Supervised Reorganization Plan.

In 4Q19, linear payments were also made to Class III and IV creditors in the total amount of R\$670,631.29 and R\$326,827.00, respectively, after the period of 180 days after the ratification of the Court-Supervised Reorganization Plan.

## **Events subsequent to the Reporting Period**

### **Processing of remaining mineral in inventory by SAMA**

As per the Material Fact notice disclosed on February 11, 2020, Eternit will be processing the remaining mineral extracted prior to the suspension of operations by SAMA, the mining company, on February 11, 2019, available at SAMA's facilities, based on Law 20,514 of July 16, 2019 of the State of Goiás, regulated by Decree 9,518 of September 24, 2019, which authorizes the extraction and processing of chrysotile asbestos exclusively for export purposes.

The processing of mineral already extracted will be temporary in nature and does not mean the resumption of mining operations and will result in exports of around 24,000 tons of asbestos fiber.

### **Effects of coronavirus on the financial statements**

The Company informs that its operations are sharply focused on the domestic market and that its performance depends on the level of economic activity in the country. The COVID-19 pandemic has rapidly worsened the macroeconomic conditions, forcing Management to take preventive actions. Despite the difficulty in measuring the impacts on the Company, this highly uncertain scenario brings additional risk to the business.

In the company's operational cycle, the scenario arising from the COVID-19 outbreak heightens the risks related to sales volume due to the closure of commercial establishments by government decisions and the downturn in consumers' intention to buy, defaults by clients and the scarcity, and higher cost, of bank credit.

On the other hand, the strong depreciation of the Brazilian real against the US dollar has little impact on the Group, since its operations are priced in the real, except polypropylene resin and pulp, which are inputs used to manufacture fiber-cement and whose prices are based on international market prices. Similarly, the company's supply chain is based on local suppliers and is not exposed to shortage risks due to restrictions in international trade.

The materialization of the risks mentioned above, in particular the decline in sales, defaults by clients and scarcity of bank credit, would put pressure on the company's cash position.

The Group's priority is the safety and wellbeing of its employees and the community and so it has taken all the measures within its reach to ensure that the impacts of the pandemic are kept to the minimum.





## ETERNIT S.A. – under Court-Supervised Reorganization

### Balance Sheet

Corporate Law (R\$ '000)

ASSETS	Parent Company		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
<b>Current</b>	<b>140,016</b>	<b>141,012</b>	<b>232,557</b>	<b>270,001</b>
Cash and cash equivalents	3,871	6,438	9,358	9,181
Accounts receivable	42,374	46,514	56,738	125,247
Inventories	77,049	67,429	104,921	90,566
Taxes recoverable	2,328	3,188	23,496	14,026
Related parties	3,136	8,830	-	1,764
Other current assets	10,462	7,817	29,630	21,911
Noncurrent assets held for sale	796	796	8,415	7,306
<b>Non-current</b>	<b>246,905</b>	<b>268,813</b>	<b>313,030</b>	<b>299,135</b>
Judicial deposits	10,412	7,658	19,362	15,823
Taxes recoverable	25,128	24,792	40,834	39,650
Deferred income and social contribution taxes	-	25,468	-	40,095
Related parties	26,093	26,140	-	16,945
Other noncurrent assets	794	772	2,250	1,638
Investments	139,481	159,956	-	57,187
Right-of-use assets	-	-	11,210	-
Property, Plant and Equipment (PP&E)	44,861	23,636	238,789	126,954
Intangible assets	136	391	584	843
<b>Total assets</b>	<b>386,921</b>	<b>409,825</b>	<b>545,587</b>	<b>569,136</b>
LIABILITIES AND EQUITY	Parent Company		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
<b>Current liabilities</b>	<b>206,841</b>	<b>173,159</b>	<b>228,576</b>	<b>235,898</b>
Trade accounts payable	34,951	23,730	59,719	38,492
Loans and financing	37,689	59,003	49,812	98,824
Related parties	85,951	27,992	-	91
Personnel expenses	11,773	11,537	15,650	19,872
Dividends and interest on equity	-	23	-	23
Provision for post-employment benefits	2,622	3,269	7,118	6,515
Taxes, charges and contributions payable	11,716	13,318	19,559	23,227
Restructuring provision	-	307	-	345
Lease obligations	-	-	2,095	-
Client receipt in advance	-	4,832	-	5,850
Other current liabilities	22,139	29,148	74,623	42,659
<b>Non-Current</b>	<b>182,902</b>	<b>224,439</b>	<b>319,789</b>	<b>320,988</b>
Loans and financing	9,327	-	63,762	32,101
Related parties	49,089	59,779	-	-
Taxes, charges and contributions payable	17,712	19,356	48,774	32,541
Labor obligations	7,664	8,646	9,974	14,110
Lease liabilities	-	-	9,115	-
Provision for tax, civil and labor risks	61,385	67,218	86,620	114,353
Provision for post-employment benefits	37,725	39,387	94,486	76,790
Provision for decommissioning of mine	-	-	6,817	21,040
Investment loss provision	-	30,053	-	30,053
Other non-current liabilities	-	-	-	-
<b>Equity</b>	<b>(2,822)</b>	<b>12,227</b>	<b>(2,778)</b>	<b>12,250</b>
Capital	338,967	334,251	338,967	334,251
Capital reserve	19,437	19,437	19,437	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(319,912)	(307,264)	(319,912)	(307,264)
Other comprehensive income	(41,140)	(34,023)	(41,140)	(34,023)
<b>Equity attributable to controlling interests</b>	<b>(2,822)</b>	<b>12,227</b>	<b>(2,822)</b>	<b>12,227</b>
Noncontrolling interests	-	-	44	23
<b>Total liabilities and equity</b>	<b>386,921</b>	<b>409,825</b>	<b>545,587</b>	<b>569,136</b>


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

Corporate Law

R\$ '000	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
<b>Net revenue</b>	<b>106,189</b>	<b>83,793</b>	<b>26.7</b>	<b>104,738</b>	<b>1.4</b>	<b>417,072</b>	<b>311,448</b>	<b>33.9</b>
Cost of goods sold	(89,869)	(81,439)	10.4	(87,755)	2.4	(362,407)	(297,987)	21.6
<b>Gross profit (loss)</b>	<b>16,320</b>	<b>2,354</b>	<b>593.2</b>	<b>16,983</b>	<b>(3.9)</b>	<b>54,665</b>	<b>13,461</b>	<b>306.1</b>
<i>Gross margin</i>	<i>15%</i>	<i>3%</i>	<i>12 p.p.</i>	<i>16%</i>	<i>- 1 p.p.</i>	<i>13%</i>	<i>4%</i>	<i>9 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>(20,168)</b>	<b>(24,649)</b>	<b>(18.2)</b>	<b>(17,536)</b>	<b>15.0</b>	<b>(80,898)</b>	<b>(102,580)</b>	<b>(21.1)</b>
Selling expenses	(8,569)	(9,761)	(12.2)	(9,893)	(13.4)	(35,631)	(36,244)	(1.7)
General and administrative expenses <sup>2</sup>	(14,282)	(15,112)	(5.5)	(12,219)	16.9	(44,566)	(51,298)	(13.1)
Other operating income (expenses), net	2,683	224	1,097.8	4,576	(41.4)	(701)	(15,038)	(95.3)
<b>Operating income (expenses) before equity pickup (EBIT)</b>	<b>(3,848)</b>	<b>(22,295)</b>	<b>(82.7)</b>	<b>(553)</b>	<b>595.8</b>	<b>(26,233)</b>	<b>(89,119)</b>	<b>(70.6)</b>
<i>EBIT margin</i>	<i>-4%</i>	<i>-27%</i>	<i>23 p.p.</i>	<i>-1%</i>	<i>- 3 p.p.</i>	<i>-6%</i>	<i>-29%</i>	<i>23 p.p.</i>
Equity pickup	14,380	(13,643)	-	26,214	(45.1)	16,718	(20,675)	-
Remeasurement of Investment – business combination - CSC	731	-	-	2,566	(71.5)	3,297	-	-
Provision for restructuring and desmobilization	21,715	(17,118)	-	(57)	-	21,320	(18,325)	-
Financial income (expenses), net	(1,693)	(5,093)	(66.8)	8,369	-	(2,281)	(19,051)	(88.0)
<b>Income (loss) before income and social contribution taxes</b>	<b>31,285</b>	<b>(58,149)</b>	<b>-</b>	<b>36,539</b>	<b>(14.4)</b>	<b>12,821</b>	<b>(147,170)</b>	<b>-</b>
Deferred (loss) income and social contributions taxes	(24,595)	(2,198)	1,019.0	(873)	2,717.3	(25,468)	(2,198)	1,058.7
<b>Net income (loss) for the year</b>	<b>6,690</b>	<b>(60,347)</b>	<b>-</b>	<b>35,666</b>	<b>(81.2)</b>	<b>(12,647)</b>	<b>(149,368)</b>	<b>(91.5)</b>
<i>Net margin</i>	<i>6%</i>	<i>-72%</i>	<i>78 p.p.</i>	<i>34%</i>	<i>- 28 p.p.</i>	<i>-3%</i>	<i>-48%</i>	<i>45 p.p.</i>
<b>EBITDA</b>	<b>34,361</b>	<b>(51,742)</b>	<b>-</b>	<b>29,688</b>	<b>15.7</b>	<b>20,910</b>	<b>(124,798)</b>	<b>-</b>
<i>EBITDA margin</i>	<i>32%</i>	<i>-62%</i>	<i>94 p.p.</i>	<i>28%</i>	<i>4 p.p.</i>	<i>5%</i>	<i>-40%</i>	<i>45 p.p.</i>

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

Corporate Law

R\$ '000	4Q19	4Q18	% Chg.	3Q19	% Chg.	2019	2018	% Chg.
<b>Gross revenues</b>	<b>159,541</b>	<b>181,623</b>	<b>(12.2)</b>	<b>167,227</b>	<b>(4.6)</b>	<b>638,536</b>	<b>668,516</b>	<b>(4.5)</b>
Gross revenues deductions	(38,849)	(33,740)	15.1	(39,933)	(2.7)	(149,865)	(131,610)	13.9
<b>Net revenue</b>	<b>120,692</b>	<b>147,882</b>	<b>(18.4)</b>	<b>127,294</b>	<b>(5.2)</b>	<b>488,671</b>	<b>536,905</b>	<b>(9.0)</b>
Cost of goods sold	(94,555)	(118,745)	(20.4)	(114,654)	(17.5)	(420,101)	(432,786)	(2.9)
Adjusted cost of goods sold	(94,555)	(118,745)	(20.4)	(114,654)	(17.5)	(420,101)	(431,286)	(2.6)
<b>Gross profit (loss)</b>	<b>26,137</b>	<b>29,137</b>	<b>(10.3)</b>	<b>12,640</b>	<b>106.8</b>	<b>68,570</b>	<b>104,119</b>	<b>(34.1)</b>
<b>Adjusted gross profit</b>	<b>26,137</b>	<b>29,137</b>	<b>(10.3)</b>	<b>12,640</b>	<b>106.8</b>	<b>68,570</b>	<b>105,619</b>	<b>(35.1)</b>
<i>Gross margin</i>	<i>22%</i>	<i>20%</i>	<i>2 p.p.</i>	<i>10%</i>	<i>12 p.p.</i>	<i>14%</i>	<i>19%</i>	<i>- 5 p.p.</i>
<i>Adjusted gross margin</i>	<i>22%</i>	<i>20%</i>	<i>2 p.p.</i>	<i>10%</i>	<i>12 p.p.</i>	<i>14%</i>	<i>20%</i>	<i>- 6 p.p.</i>
<b>Operating income (expenses)<sup>1</sup></b>	<b>(6,992)</b>	<b>(45,489)</b>	<b>(84.6)</b>	<b>18,330</b>	<b>-</b>	<b>(55,465)</b>	<b>(169,327)</b>	<b>(67.2)</b>
Selling expenses	(10,696)	(20,015)	(46.6)	(13,033)	(17.9)	(50,698)	(71,903)	(29.5)
General and administrative expenses <sup>2</sup>	(19,485)	(22,699)	(14.2)	(18,190)	7.1	(69,174)	(84,128)	(17.8)
Other operating income (expenses), net	23,189	(2,775)	-	49,553	(53.2)	64,407	(13,296)	-
<b>Operating income (expenses) before equity pickup (EBIT)</b>	<b>19,145</b>	<b>(16,352)</b>	<b>-</b>	<b>30,970</b>	<b>(38.2)</b>	<b>13,105</b>	<b>(65,208)</b>	<b>-</b>
<i>EBIT margin</i>	<i>16%</i>	<i>-11%</i>	<i>27 p.p.</i>	<i>24%</i>	<i>- 8 p.p.</i>	<i>3%</i>	<i>-12%</i>	<i>15 p.p.</i>
Equity pickup	-	(2,820)	(100.0)	18,204	(100.0)	10,766	(15,629)	-
Remeasurement of Investment – business combination - CSC	735	-	-	2,562	(71.3)	3,297	-	-
Provision for restructuring and desmobilization	10,908	(23,835)	-	(337)	-	10,233	(25,051)	-
<b>Operating income (expenses) before financial expenses (EBIT*)</b>	<b>30,788</b>	<b>(43,007)</b>	<b>-</b>	<b>51,399</b>	<b>(40.1)</b>	<b>37,401</b>	<b>(105,888)</b>	<b>-</b>
Financial income (expenses), net	846	(9,696)	-	15,488	(94.5)	7,038	(27,434)	-
<b>Income (loss) before income and social contribution taxes</b>	<b>31,634</b>	<b>(52,703)</b>	<b>-</b>	<b>66,887</b>	<b>(52.7)</b>	<b>44,439</b>	<b>(133,322)</b>	<b>-</b>
Current (loss) income and social contributions taxes	(224)	(3,755)	(94.0)	(15,961)	(98.6)	(16,729)	(10,615)	57.6
Deferred (loss) income and social contributions taxes	(24,698)	(3,888)	535.2	(15,266)	61.8	(40,336)	(5,430)	642.8
<b>Net income (loss) for the period</b>	<b>6,712</b>	<b>(60,346)</b>	<b>-</b>	<b>35,660</b>	<b>(81.2)</b>	<b>(12,626)</b>	<b>(149,367)</b>	<b>(91.5)</b>
<i>Net margin</i>	<i>6%</i>	<i>-41%</i>	<i>47 p.p.</i>	<i>28%</i>	<i>- 22 p.p.</i>	<i>-3%</i>	<i>-28%</i>	<i>25 p.p.</i>
<b>Adjusted Net income (loss) for the period</b>	<b>(4,322)</b>	<b>(30,126)</b>	<b>(85.7)</b>	<b>1,339</b>	<b>-</b>	<b>(54,343)</b>	<b>(112,509)</b>	<b>(51.7)</b>
<i>Adjusted Net margin</i>	<i>-4%</i>	<i>-20%</i>	<i>16 p.p.</i>	<i>1%</i>	<i>- 5 p.p.</i>	<i>-11%</i>	<i>-21%</i>	<i>10 p.p.</i>
Earnings (loss) per share, basic and diluted - R\$	0.2113	(2.0234)	-	1.1226	-	(0.3975)	(5.0085)	-
<b>EBITDA</b>	<b>34,367</b>	<b>(38,666)</b>	<b>-</b>	<b>58,721</b>	<b>(41.5)</b>	<b>55,915</b>	<b>(92,263)</b>	<b>-</b>
<i>EBITDA margin</i>	<i>28%</i>	<i>-26%</i>	<i>54 p.p.</i>	<i>46%</i>	<i>- 18 p.p.</i>	<i>11%</i>	<i>-17%</i>	<i>28 p.p.</i>
<b>Adjusted EBITDA</b>	<b>(1,365)</b>	<b>(4,838)</b>	<b>(71.8)</b>	<b>2,278</b>	<b>-</b>	<b>(9,918)</b>	<b>(35,568)</b>	<b>(72.1)</b>
<i>Adjusted EBITDA Margin</i>	<i>-1%</i>	<i>-3%</i>	<i>2 p.p.</i>	<i>2%</i>	<i>- 3 p.p.</i>	<i>-2%</i>	<i>-7%</i>	<i>5 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**

Corporate Law

R\$ '000 - Accumulated	Parent Company		Consolidated	
	12/31/19	12/31/18	12/31/19	12/31/18
<b>Cash flows from operating activities</b>				
<b>Loss (income) before income and social contribution taxes</b>	<b>12,821</b>	<b>(147,170)</b>	<b>44,439</b>	<b>(133,322)</b>
<b>Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:</b>				
Equity pickup	(16,718)	20,675	(10,766)	15,629
Depreciation and amortization	5,808	3,321	18,514	13,625
Gain (loss) on disposal of property, plant and equipment and intangible assets	-	(716)	3,208	(710)
Write-off of judicial deposits	(117)	42	(97)	17
Allowance for doubtful accounts	609	2,536	941	3,903
Provision for impairment of net realizable value	(2,558)	5,718	(2,294)	8,178
Estimated impairment losses	(21,586)	17,118	(2,959)	23,390
Provision for tax, civil and labor risks	(4,882)	13,815	(27,889)	13,072
Provision for post-employment benefits	3,651	3,245	17,131	10,354
Provision for decommissioning of mine	-	-	(6,111)	1,468
Provision for restructuring	498	1,207	498	1,661
Provision for granting	(266)	(137)	(339)	(239)
Loss on disposal of investments	-	14	-	-
Financial charges, and monetary and exchange variations	10,683	4,041	13,944	12,634
Short-term investment yield	(5)	(31)	(13)	(343)
Net changes in prepaid expenses	-	5,218	-	7,607
Property, plant and equipment given in payment	(16,282)	-	(40,400)	-
Business combination	(3,297)	-	(3,297)	-
Discount in debt - Court-supervised reorganization	(12,880)	-	(23,216)	-
Amortization of right of use	-	-	1,296	-
	<b>(44,521)</b>	<b>(71,104)</b>	<b>(17,410)</b>	<b>(23,076)</b>
<b>Decrease (increase) in operating assets:</b>				
Accounts receivable	3,531	5,081	76,578	8,062
Related parties	5,741	(4,270)	18,709	(7,028)
Inventories	(7,062)	(3,493)	3,201	257
Taxes recoverable	1,179	4,225	9,084	(2,882)
Judicial deposits	(2,637)	(1,059)	(3,442)	(1,299)
Other assets	(2,667)	(11,399)	(377)	(21,664)
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	7,859	4,853	11,456	11,408
Related parties	44,685	10,972	(16,051)	2
Taxes, charges and contributions payable	(6,435)	22,016	(13,976)	32,051
Personnel expenses	(746)	10,145	(10,906)	16,758
Post-employment benefits	(2,640)	(2,926)	(5,949)	(4,870)
Restructuring expenses	(805)	(1,207)	(843)	(3,419)
Mine closure expenses	-	-	(8,112)	-
Client receipt in advance	(2,086)	-	(2,341)	-
Other liabilities	(4,533)	3,048	(22,214)	8,761
<b>Cash provided by operating activities</b>	<b>(11,137)</b>	<b>(35,118)</b>	<b>17,407</b>	<b>13,061</b>
Interest paid	(2,203)	(1,359)	(7,418)	(3,569)
Income and social contribution taxes paid	-	-	(2,853)	(4,804)
<b>Net cash provided by operating activities</b>	<b>(13,340)</b>	<b>(36,477)</b>	<b>7,136</b>	<b>4,688</b>
<b>Cash flow from investing activities</b>				
Intercompanies loans	-	(2,311)	-	(2,010)
Cash business combinations CSC	-	-	1,537	-
Amount received on disposal of PP&E items	-	803	-	838
Additions to PP&E and intangible assets	(5,192)	(5,987)	(9,038)	(6,910)
Additions to investments	-	(14,329)	-	(14,329)
Short-term investments	-	(6,300)	-	(58,220)
Redemption of short-term investments	-	9,174	-	80,401
<b>Net cash used in investing activities</b>	<b>(5,192)</b>	<b>(18,950)</b>	<b>(7,501)</b>	<b>(230)</b>
<b>Cash flows from financing activities</b>				
Loans and financing raised	161,067	30,274	688,311	141,257
Repayment of loans and financing	(149,795)	(1,094)	(690,017)	(143,491)
Dividends	(23)	-	(23)	-
Intercompanies loans	-	50,500	-	-
Repayment of intercompanies loans	-	(22,737)	-	-
Increase in capital stock	4,716	-	4,716	-
Lease operations	-	-	(2,445)	-
<b>Net cash used in financing activities</b>	<b>15,965</b>	<b>56,943</b>	<b>542</b>	<b>(2,234)</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>(2,567)</b>	<b>1,516</b>	<b>177</b>	<b>2,224</b>
At beginning of period	6,438	4,922	9,181	6,957
At end of period	3,871	6,438	9,358	9,181
<b>Decrease (Increase) in cash and cash equivalents</b>	<b>(2,567)</b>	<b>1,516</b>	<b>177</b>	<b>2,224</b>