Eternit maintains its focus on reducing gross debt and closes 3Q16 at R$127.1 million

São Paulo, November 10, 2016 – Eternit S.A. (BM&FBovespa: ETER3;), which was founded 76 years ago and is Brazil's leading manufacturer of roofing tiles and a manufacturer of bathroom chinaware, metal fixtures and construction solutions, announces its results for the third quarter of 2016 (3Q16). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons made in this press release are with the third quarter of 2015 (3Q15), except where stated otherwise.

3Q16

Stock Price (10/31/16) ETER3

R$/share 1.55
US$/share 0.49

Shareholder base (10/31/16)

Total Shares 179,000,000
Free Float 85.84%

Market Capitalization - (10/31/16)

R$277.5 million
US$87.2 million

Shareholder Payments (2016)

R$0.044 per share

Dividend yield: 2.2%

Indicators - (Sep/16)

Book value (R$/share) 2.75
Price/Book value 0.55
Price/Earnings N/A

Conference Call/*Webcast*

November 11, 2016

Time: 2:00 p.m. (Brasília) – 11:00 a.m. (New York) and 4:00 p.m. (London)

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The construction materials industry ended the third quarter of 2016 with a weak performance, according to the Brazilian Construction Materials Industry Association (ABRAMAT). During the period, the Company adjusted its operations by reducing its inventory levels to meet market demand, both in chrysotile mining and in the line of finished products, fiber-cement production and concrete roofing tiles.

Chrysotile sales volume in 3Q16 reached 44,300 tons, down 23.3% from 3Q15 due to the contraction of the construction materials sector and the role of chrysotile in the fiber-cement production process for the domestic market. In the foreign market, the main factors were an aggressive pricing policy followed by mining companies in Russia and Kazakhstan and the competitiveness of metal roofing panels in major markets in Asia. In the same period, fiber-cement sales reached 199,600 tons, down 1.3% from 3Q15, whereas concrete roofing tile sales decreased 26.1%, mainly due to industry slowdown, higher unemployment, lower household income and credit restrictions.

Consolidated net revenue amounted to R$204.3 million in 3Q16, down 16.6% from 3Q15, mainly due to the lower sales volume in mining, especially in exports, with a reduction in USD prices to face competition, as well as the depreciation of the USD against the BRL.

Adjusted EBITDA reached R$16.4 million in 3Q16, down 67.4% from 3Q15. This decrease is due to contraction in operating margins due to the decline in sales volume, low utilization of operating capacity, and sale of a mix with lower value added, despite the Company's efforts to reduce operating expenses, thus partially offsetting the contraction in adjusted EBITDA.

Consequently, and despite the improved equity pickup and net financial result in 3Q16, Eternit posted net loss of R$7.3 million.

Capex totaled R$4.0 million in 3Q16, increasing 166.7% from 3Q15, and was allocated to maintaining and modernizing the Group's industrial facilities.

The Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made once positive results are recorded.

Main Indicators

Consolidated - R$ `000	3rd Quarter			Accum. 9 Months		
	2016	2015	% Chg.	2016	2015	% Chg.
Gross revenues	**260,835**	**306,055**	**(14.8)**	**805,597**	**923,655**	**(12.8)**
Net revenues	**204,309**	**244,986**	**(16.6)**	**636,939**	**734,127**	**(13.2)**
Gross profit	63,994	100,255	(36.2)	207,250	287,601	(27.9)
Gross margin	*31%*	*41%*	*- 10 p.p.*	*33%*	*39%*	*- 6 p.p.*
Operating loss/income (EBIT) [1]	**(141)**	**30,589**	**-**	**16,789**	**91,924**	**(81.7)**
Net loss/income	**(7,321)**	**4,734**	**-**	**(8,058)**	**41,678**	**-**
Net margin	*-4%*	*2%*	*- 6 p.p.*	*-1%*	*6%*	*- 7 p.p.*
Loss/Earnings per share - R$	(0.041)	0.026		(0.045)	0.233	
CAPEX	3,995	1,498	166.7	11,532	28,466	(59.5)
EBITDA [2]	**9,530**	**40,595**	**(76.5)**	**46,085**	**121,273**	**(62.0)**
EBITDA Margin	*5%*	*17%*	*- 12 p.p.*	*7%*	*17%*	*- 10 p.p.*
Adjusted EBITDA over equity pickup	**16,450**	**50,451**	**(67.4)**	**65,135**	**143,341**	**(54.6)**
Adjusted EBITDA Margin	*8%*	*21%*	*- 13 p.p.*	*10%*	*20%*	*- 10 p.p.*

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

Economy and Market

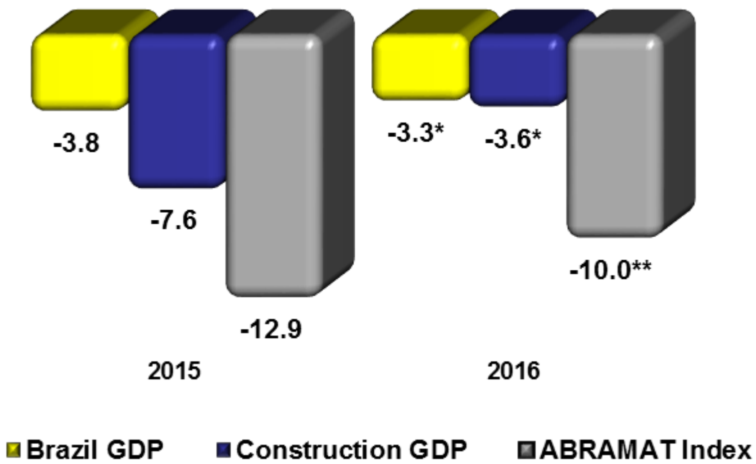
With regard to the domestic scenario in 2016, the Monetary Policy Committee of the Central Bank of Brazil (Copom) is considering a scenario of stable economic activity in the short term and possible gradual recovery over the next quarters, in the backdrop of a high level of economic idleness. Though price indices slided during the quarter ended in August, they registered higher-than-expected inflation in the period. However, the outlook is for a period of deflation over the coming quarters, according to the Central Bank of Brazil (BACEN).

According to this scenario, the projected GDP in 2016 is -3.3% and projected construction GDP is -3.6%, in comparison with 2015, based on the FOCUS market readout of November 4, 2016 and the Inflation Report for September 2016 published by BACEN.

Revenues deflated from sales of construction materials in the first nine months of 2016, as disclosed by the Brazilian Construction Materials Industry Association (ABRAMAT), decreased 11.8% from the same period in 2015, underperforming the last forecast of -10.0% for 2016, mainly due to high unemployment, lower household income and difficulties in obtaining credit.

In comparison, Eternit's[1] consolidated gross revenue decrease of 12.9% in 9M16 was lower than industry performance (-11.8%). Note than in 9M16, the Company has been adjusting its operations to lower inventory levels to meet market demand, both in chrysotile mining and its finished products, fiber-cement production and concrete roofing tiles.

Brazil GDP x Construction GDP x ABRAMAT Index (%)



Source: *CENTRAL BANK – *projected growth of Brazil's GDP and Construction GDP in the year.*
***** ABRAMAT –*** *projected domestic sales of construction materials in the year, adjusted for inflation.*

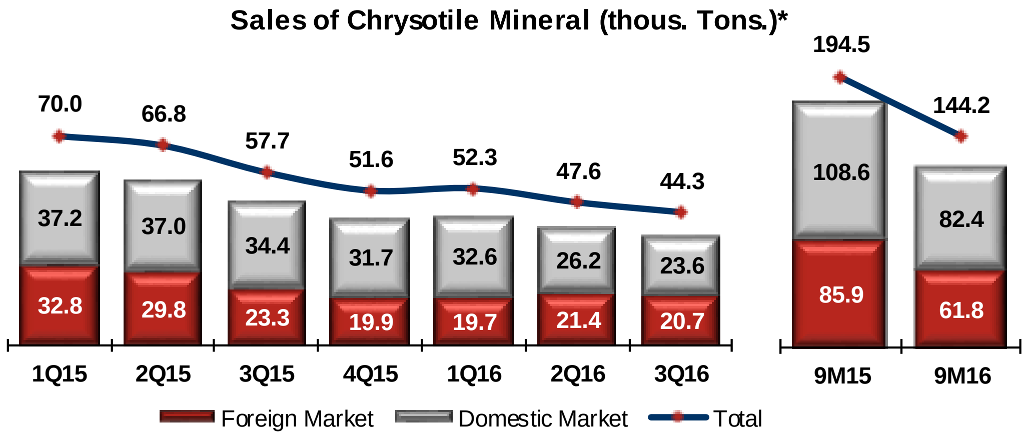
[1] Growth of Eternit's consolidated gross revenue compares the period from January to September 2016 with the same period in 2015, deflated by the IGP-M index.

Operational and Financial Aspects

Sales

Chrysotile mineral

In 3Q16, chrysotile mineral sales reached 44,300 tons, down 23.3% from 3Q15. Also in 3Q16, domestic sales volume dropped 31.4%, due the downturn in the construction materials industry and the role of chrysotile in the fiber-cement production process. The export market contracted by 11.4% due to an aggressive pricing policy followed by mining companies in Russia and Kazakhstan, as well as the competitiveness of metal roofing panel in major Asian markets.

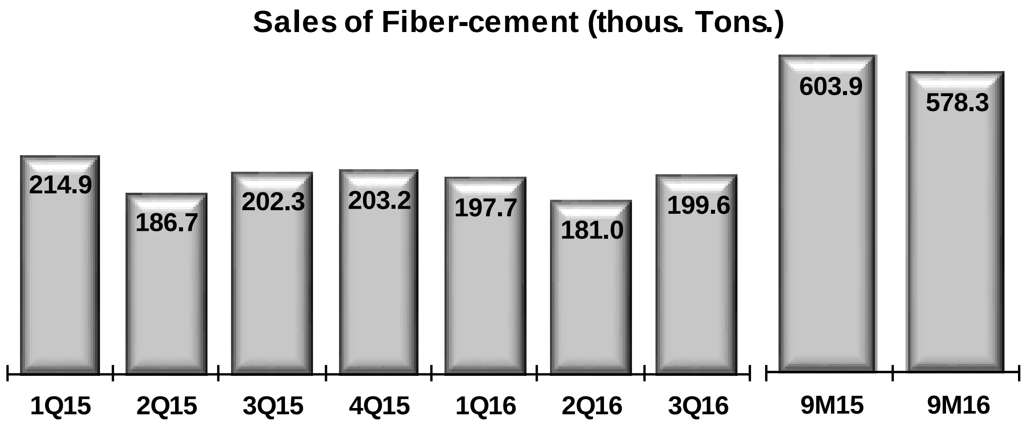


(*) Chrysotile mineral sales volume includes intercompany sales, which accounted for 47.7% of domestic sales volume in 3Q16.

Sales in 9M16 totaled 144,200 tons, decreasing 25.9% from 9M15, as previously mentioned.

Fiber-Cement

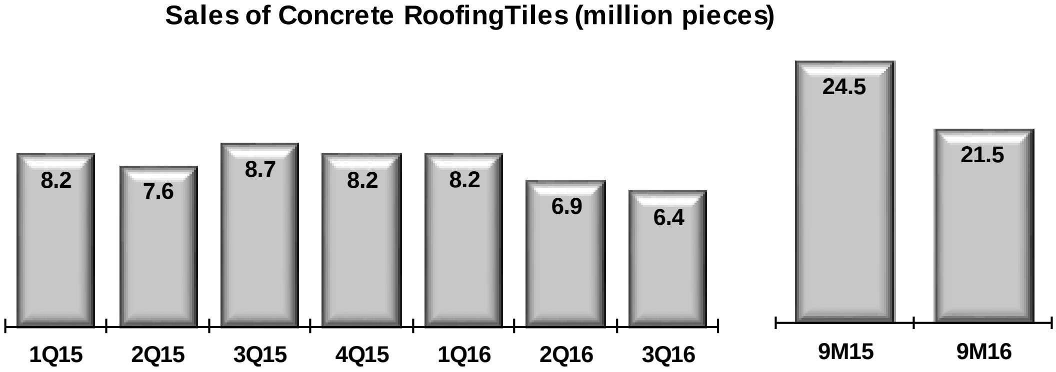
Fiber-cement sales totaled 199,600 tons in 3Q16, down 1.3% from 3Q15, mainly due to unemployment, lower income distribution and more difficult and expensive credit for households, all of which affected the retail market for construction materials.



Sales in 9M16 reached 578,300 tons, down 4.2% from 9M15, due to the factors mentioned above.

Concrete Roofing Tiles

In 3Q16, concrete roofing tiles sales totaled 6.4 million pieces, down 26.1% from 3Q15 due to the postponement of construction by consumers, especially in the medium and high income segment.

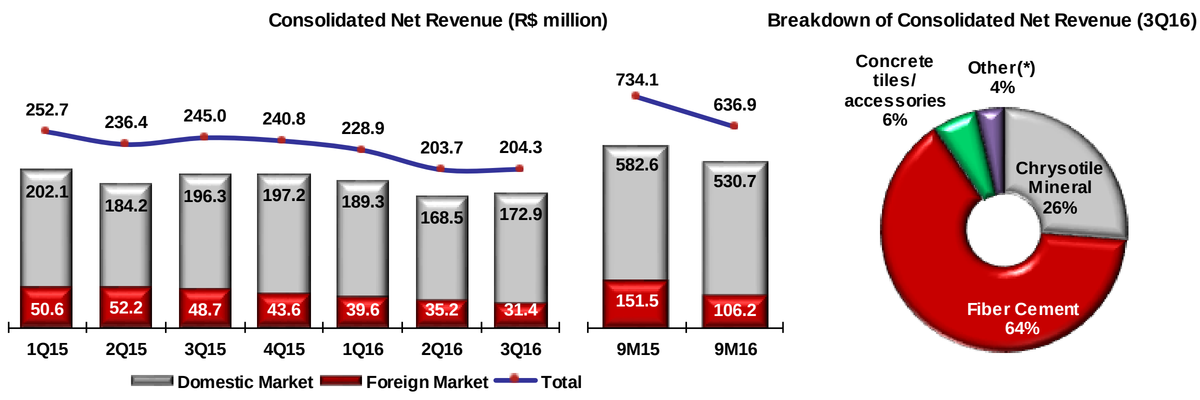


In 9M16, sales volume amounted to 21.6 million tiles, down 12.0% from 9M15, due to the aforementioned factors.

Consolidated Net Revenue

Consolidated net revenue in 3Q16 was R$204.3 million, decreasing 16.6% from 3Q15. Domestic revenue amounted to R$172.9 million, down 11.9%, mainly due to the lower sales volume in mining and concrete roofing tiles, as well as the higher sales of a cheap mix. Net revenue from chrysotile exports fell by 35.5% from 3Q15 to R$31.4 million, due to lower sales volume and the price reduction in USD to deal with the stiff competition, as well as the 8.3% depreciation of the U.S. dollar against the Brazilian real (average PTAX in the period).

Comparing the performance of the main segments in 3Q16 and 3Q15, net revenue declined by 33.2% in chrysotile mineral, by 6.3% in fiber-cement and by 30.8% in concrete roofing tiles and roofing accessories, to R$53.8 million, R$138.6 million and R$11.6 million, respectively.



(*) Other: metal bathroom fixtures, polythene water tanks, construction solutions and other products.

In 9M16, consolidated net revenue amounted to R$636.9 million, down 13.2% from the same period in 2015. Exports totaled R$106.2 million and domestic sales totaled R$530.7 million, down 29.9% and 8.9%, respectively, due to the aforementioned aspects.

Cost of goods sold

Consolidated cost of goods sold totaled R$140.3 million in 3Q16, down 3.1% from 3Q15, mainly due to the lower volume sold, which was partially offset by cost pressures resulting from inflation and lower utilization of installed capacity. As a result, in addition to the impacts of lower net revenue due to the decrease in volumes and the exchange effect on exports, gross margin stood at 31% in the quarter, down 10 percentage points between the periods.

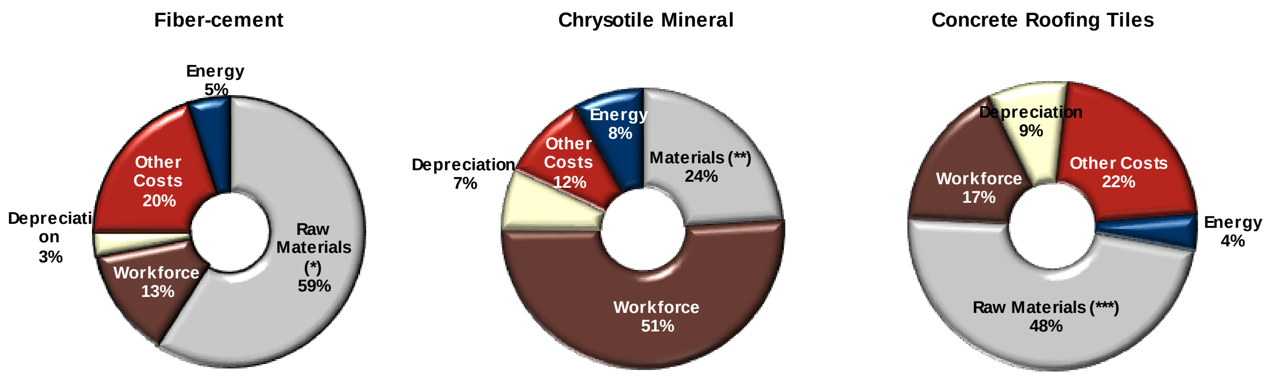
The main variations in the operating segments, in addition to those caused by lower sales volume, were:

Chrysotile mineral: decrease of 10.8%, mainly due to the adjustment in capacity utilization to balance inventory levels.

Fiber-cement: increase of 5.1%, mainly due to the increase in raw material and labor prices as a result of a change in the mix to meet demand in some states.

Concrete roofing tiles: decrease of 30.9%, mainly due to lower raw material costs and lower utilization of installed capacity.

Breakdown of Cost (3Q16)



*Raw materials: cement (36%), chrysotile mineral (36%) and other (28%).
**Materials: fuel, explosives, packaging, etc.
***Raw materials: cement (55%), sand (30%) and other (15%).

In 9M16, consolidated cost of goods sold totaled R$429.7 million, down 3.8% from 2015, in line with the aspects mentioned above. Consequently, gross margin declined 6 percentage points from the same period in 2015, closing the period at 33%.

Operating Expenses

Total operating expenses in 3Q16 decreased 4.3% from 3Q15, due to the following main variations:

Selling expenses: up 1.3% due to higher expenses with marketing campaigns, offsetting the lower expenses with sales commissions on account of lower sales volume.
General and administrative expenses: Down 18.8% due to lower payroll expenses resulting from the administrative restructuring, as well as costs with defending the use of chrysotile.

Other operating (expenses) income: variation resulting from the cost of idleness at the industrial plants to adjust demand to market supply, the structure of which was subsequently adjusted.

In R$ '000	3rd Quarter			Accum. 9 Months		
	2016	2015	Chg. %	2016	2015	Chg. %
Selling expenses	(27,771)	(27,419)	1.3	(81,721)	(85,373)	(4.3)
General and administrative expenses	(24,690)	(30,414)	(18.8)	(75,074)	(87,523)	(14.2)
Other operating revenues (expenses), net	(4,754)	(1,977)	140.4	(14,617)	(713)	1,948.9
Total operating expenses	**(57,215)**	**(59,810)**	**(4.3)**	**(171,412)**	**(173,609)**	**(1.3)**
Percetage of net revenue	*28%*	*24%*	*4 p.p.*	*27%*	*24%*	*3 p.p.*

Operating expenses in 9M16 totaled R$171.4 million, down 1.3% from 9M15, in line with the aforementioned aspects.

Equity pickup

Equity pickup refers to the gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 3Q16, equity pickup was a negative R$6.9 million, compared to a negative R$9.9 million in 3Q15. Despite remaining negative, this improvement reflects the industrial progress of the site, with continuous improvement in productivity indicators and availability of an appropriate mix for sale, though the result is still affected by the economic scenario faced by clients, who consume mostly items of low value added.

In 9M16, equity pickup was a negative R$19.0 million, compared to a negative R$22.1 million in 9M15, due to the aforementioned aspects.

Net Financial Result

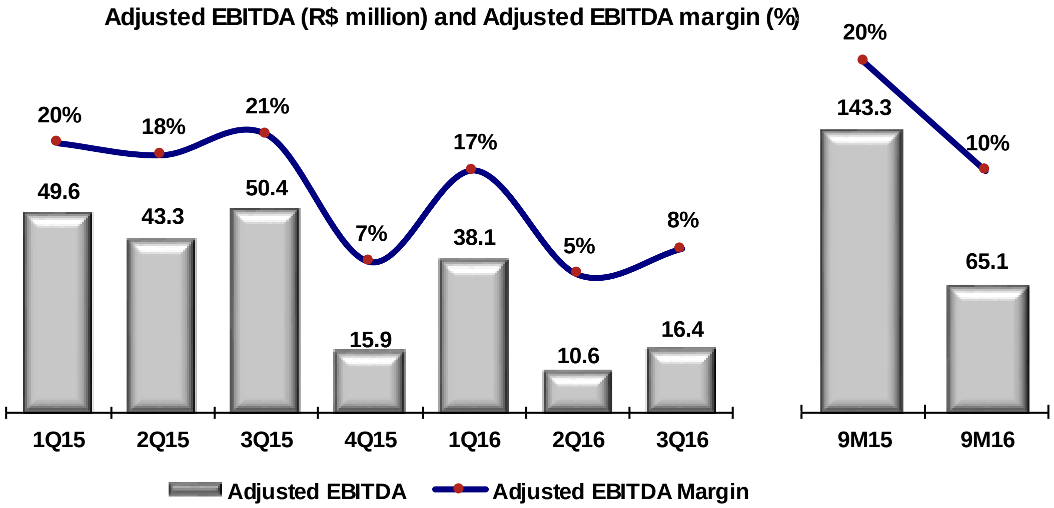
Net financial result in 3Q16 was an expense of R$5.7 million, down 63.3% from 3Q15. This decrease is due to the lower exposure to interest rate as a result of the reduction in debt and lower returns on investments caused by the decrease in cash available, as well as the lower impact of exchange variation due to the Company's policy of non-exposure to foreign currency both in receivables and payables.

In R$ '000	3rd Quarter			Accum. 9 Months		
	2016	2015	Chg. %	2016	2015	Chg. %
Financial expenses	(10,274)	(84,912)	(87.9)	(57,658)	(128,511)	(55.1)
Financial income	4,540	69,288	(93.4)	42,103	109,763	(61.6)
Net financial result	**(5,734)**	**(15,624)**	**(63.3)**	**(15,555)**	**(18,748)**	**(17.0)**

Net financial result in 9M16 was an expense of R$15.6 million, compared to an expense of R$18.7 million in 2015, as commented above.

Adjusted EBITDA

Adjusted EBITDA in 3Q16 reached R$16.4 million, down 67.4% from 3Q15 due to sales volume contraction, low utilization of operating capacity, and lower operating margins, due to the sale of a product mix with lower value added, as well as a decrease in operating expenses, which partially offset the aforementioned aspects. As a result, adjusted EBITDA margin declined 13 percentage points from 3Q15 to end 3Q16 at 8%.



In 9M16, adjusted EBITDA totaled R$ 65.1 million, down 54.6%, with EBITDA margin of 10%, down 10 percentage points from 9M15, as a result of the aspects mentioned earlier.

Eternit

Reconciliation of consolidated EBITDA - (R$'000)	3rd Quarter			Accum. 9 Months		
	2016	2015	% Chg.	2016	2015	% Chg.
Net loss/income	**(7,321)**	**4,734**	**-**	**(8,058)**	**41,678**	**-**
Income tax and social contributions	1,447	10,231	(85.9)	9,292	31,498	(70.5)
Net financial Income	5,734	15,624	(63.3)	15,555	18,748	(17.0)
Depreciation and amortization	9,671	10,006	(3.3)	29,297	29,349	(0.2)
EBITDA[1]	**9,531**	**40,595**	**(76.5)**	**46,086**	**121,273**	**(62.0)**
Equity pickup	6,919	9,856	(29.8)	19,049	22,068	(13.7)
Adjusted EBITDA over equity pickup[2]	**16,450**	**50,451**	**(67.4)**	**65,135**	**143,341**	**(54.6)**

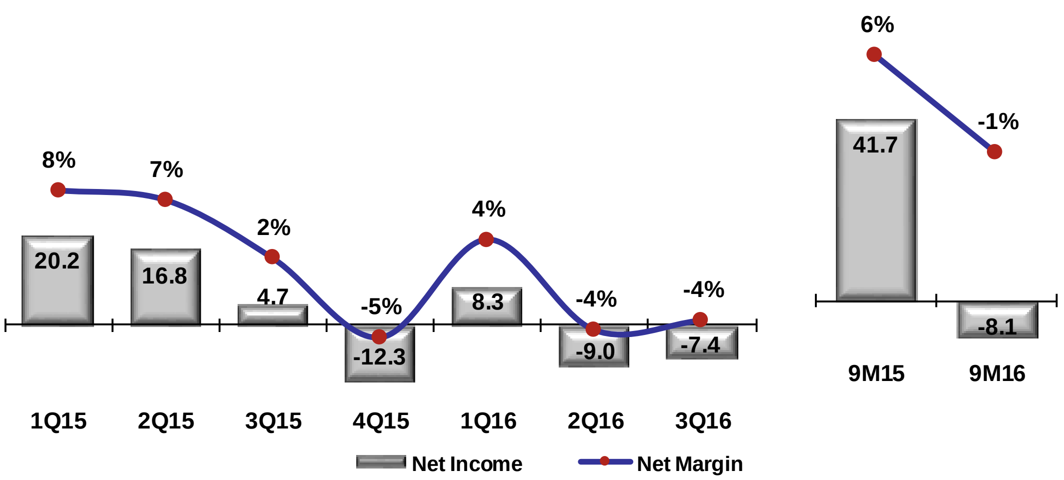
[1] With the operational startup of Companhia Sulamericana de Cerâmica (CSC), its results are included in consolidated EBITDA in accordance with the equity pickup method, in compliance with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

[2] Adjusted EBITDA2 is an indicator used by the Company's Management to analyze the operational and economic performance of its consolidated business, excluding equity pickup due to the fact that CSC is a joint venture and its information is not consolidated.

Net Loss/Income

In 3Q16, Eternit posted net loss of R$7.4 million, due to the aspects related to Adjusted EBITDA, despite the improvement in equity pickup and net financial result. Gross margin contracted by 6 percentage points to end the period at -4%.

Net Loss/Income (R$ million) and Net Margin (%)



In 9M16, net loss totaled R$8.1 million, with net margin of -1%, compared to net income of R$41.7 million and net margin of 6% in 9M15.

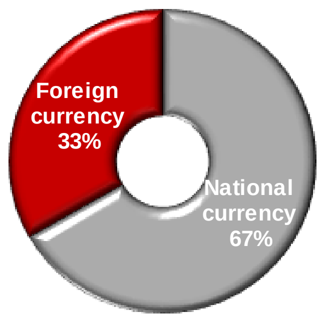
Debt

In line with its debt reduction policy, the Company ended 3Q16 with net debt of R$118.3 million, down 18.4% from the net debt on December 31, 2015. In 3Q16, the gross debt of Eternit and its subsidiaries totaled R$127.1 million, basically due to: (i) the Bank Credit Notes (CCB) and Export Credit Notes (NCE) contracted to meet working capital needs; and (ii) financing obtained to acquire machinery and equipment.

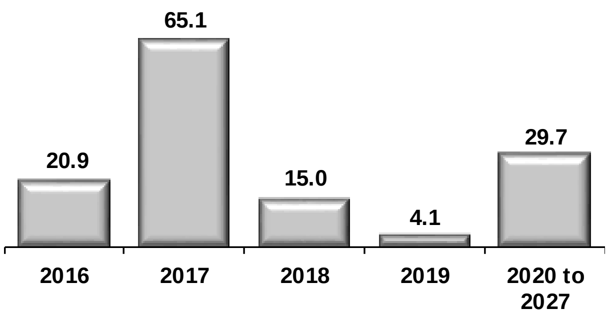
Cash, cash equivalents and short-term investments amounted to R$8.9 million, with investments remunerated at an average weighted rate of 100.1% of the variation in the CDI rate.

DEBT - R$ ´000	Parent Company		Consolidated	
	09/30/16	12/31/15	09/30/16	12/31/15
Short- term gross debt	9,340	6,327	69,145	90,307
Long-term gross debt	6,685	16,294	57,997	76,954
Cash and cash equivalents	(1,186)	(2,850)	(2,592)	(5,578)
Short-term investments (same cash equivalents)	(1,406)	(3,114)	(6,279)	(16,734)
Net debt	**13,433**	**16,657**	**118,271**	**144,949**
Adjusted EBITDA over equity pickup (last 12 months)	(18,738)	1,336	80,998	159,205
Net debt / Adjusted EBITDA x	**(0.72)**	**12.46**	**1.46**	**0.91**
Net debt / Equity	**2.6%**	**3.3%**	**23.7%**	**29.0%**

Origin of Debt (%)



Repayment Schedule (R$ '000)



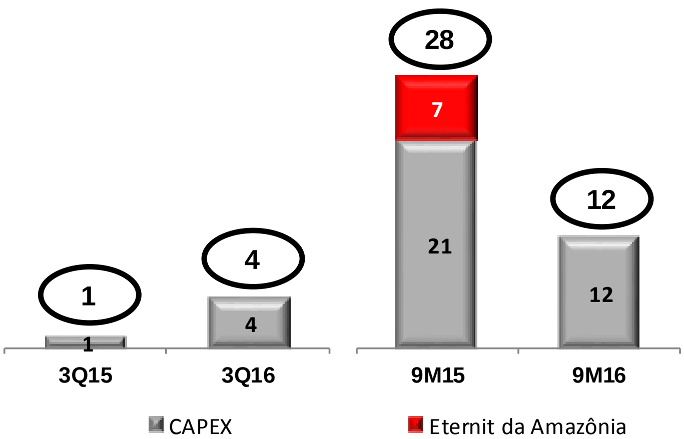
Foreign currency debt in 3Q16 was 100% naturally hedged by accounts receivable in foreign currency from chrysotile exports.

Capex

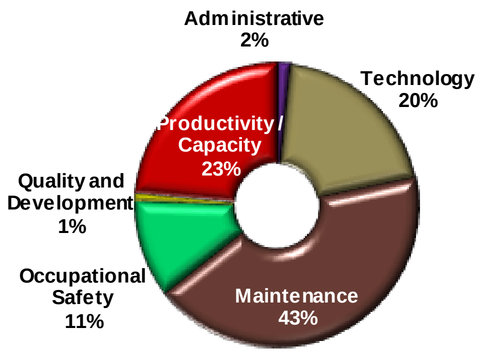
Capex of Eternit and its subsidiaries in 3Q16 amounted to R$4.0 million, up 166.7% from 3Q15, and was allocated to maintaining and modernizing the Group's industrial facilities.

In 9M16, capex totaled R$11.5 million, decreasing 59.5% from the prior-year period, as shown in the chart below.

Consolidated CAPEX (R$'000)



CAPEX Distribution (3Q16)



Capital Markets

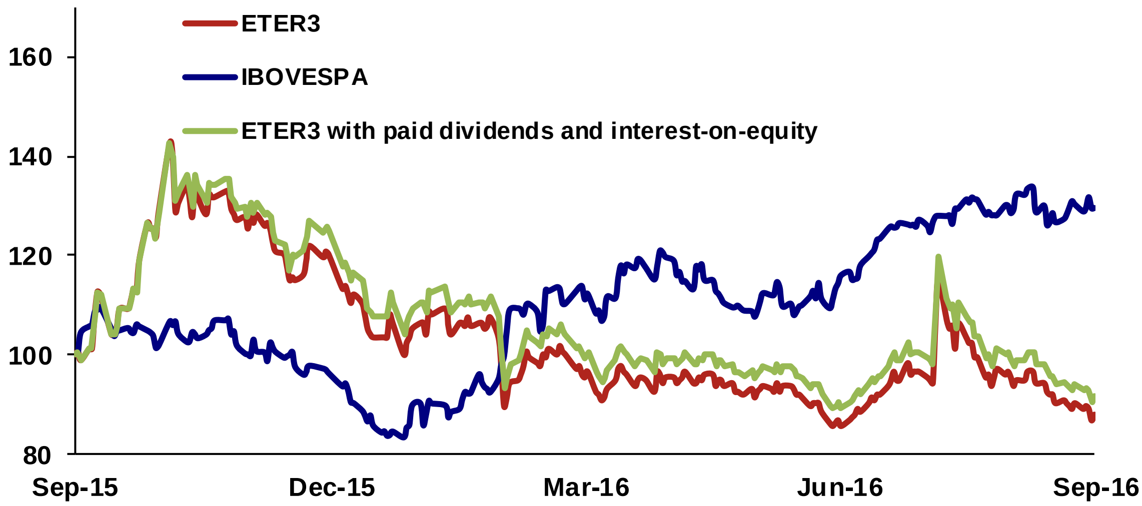
Eternit has been listed on the stock exchange since 1948 and since 2006 its stock has been traded on the Novo Mercado, the segment of the São Paulo Stock Exchange (BM&FBOVESPA) with the highest corporate governance standards, under the stock ticker ETER3.

With highly fragmented ownership and no shareholders' agreement or controlling group, the Company's shareholder base had a high concentration of individual investors, who accounted for 75.8% of the shareholder base on September 30, 2016, while foreign investors accounted for 7.5% and legal entities, clubs, investment funds and foundations accounted for 16.7%. In September 2016, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 32.9%, while the Executive Board held 0.9% interest in capital stock.

Eternit stock (ETER3) was quoted at R$1.53 in September 2016, down 12.1% from September 2015. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 58,367 points, gaining 29.5%. On September 30, 2016, Eternit's market capitalization stood at R$273.9 million.

Capital Markets					
ETERNIT (ETER3)	3Q15	4Q15	1Q16	2Q16	3Q16
Closing Price (R$/Share) - Without dividends	1.74	2.09	1.66	1.51	1.53
Average Volume Traded (Shares)	169,306	217,792	237,653	168,357	993,442
Average Volume Traded (R$)	381,526	442,848	410,543	272,972	1,753,991
ETER3 - Quarterly Profitability (%)	-	20.1	-20.6	-9.0	1.3
ETER3 - 12 Months Profitability (%)	-	-35.7	-44.3	-46.5	-12.1
IBOVESPA - Quarterly Profitability (%)	-	-3.8	15.5	2.9	13.3
IBOVESPA - 12 Months Profitability (%)	-	-13.3	-2.1	-2.9	29.5
Market Capitalization (R$ Million)	311.5	374.1	297.1	270.3	273.9

Performance of ETER3 Share vs. Ibovespa Index (Basis: 100)
R$/ShareCapital



Source: Economática

Dividends and Interest on Equity

In 2016, the dividend yield[1] is 2.2% and payments to shareholders in the form of dividends and interest on equity totaled R$7.9 million, corresponding to R$ 0.044 per share. The Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made once positive results are recorded.

Dividends Distribution (2015 to 2016)				
Approval Date	Type	Payment Start Date	Total Value R$ 000	Value per Share (R$)
		2015		
12/19/14 (*)	BDM	31/03/15	5,905	0.0330
03/11/15 (*)	BDM	31/03/15	11,989	0.0670
13/05/15	BDM	03/06/15	6,621	0.0370
13/05/15	BDM	03/06/15	11,273	0.0630
05/08/15	BDM	18/08/15	7,336	0.0410
08/05/15 (**)	BDM	18/08/15	1,610	0.0090
04/11/15	BDM	17/11/15	7,873	0.0440
Total			**52,608**	**0.2940**
Closing Price			-	**3.25**
Dividend Yield			-	**9.0%**
		2016		
12/16/15(*)	BDM	13/04/16	7,873	0.0440
Total			**7,873**	**0.0440**
Closing Price			-	**1.97**
Dividend Yield			-	**2.2%**

(*) Recording in the accounts for the preceding fiscal year.

(**) Recording in the accounts for the next quarter.

Recognition

The numerous awards it received show how the Company is serious about what it does for all its stakeholders. The awards won by the Company in the third quarter of 2016 are shown below:

ANAMACO 2016 Award - Eternit received awards from the National Association of Construction Material Merchants (ANAMACO) in the following categories: a) Master - fiber-cement roofing tiles; b) Customer Reach/Large Clients - 2nd place - fiber-cement roofing tiles (without asbestos).

Best Companies to Work For - in October 2016, Eternit was elected for the fifth consecutive time by the 2016 Guide yearbook published by Você S/A magazine. SAMA, an Eternit subsidiary, was also honored for the tenth straight year by ranking first in the Diverse Industries segment.

Being considered one of the best companies to work for in the country, particularly in a challenging year for people management, is a recognition of the practices focused on the appreciation and well-being of our teams. Above all, having the company's employees giving this recognition is a motivating factor to achieve excellence.

Change in the Board of Directors

The Company published a Notice to the Market on September 15, 2016, announcing that Mr. Luis Terepins had resigned from his position as director and Chairman of the Board of Directors of the Company, to which he was elected at the Annual Shareholders Meeting held on April 27, 2016, to hold office until the Annual Shareholders Meeting to be held in April 2018.

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[1] Dividend yield = dividend return: this is the result of dividing the amount distributed (dividends + interest-on-equity) per share, distributed during the year (base: payment date), by the closing share price at the end of the previous year.

As a result of this resignation and the consequent vacancy of the positions of member and Chairman of the Board of Directors, the Directors unanimously resolved: (i) to elect director Mr. Luiz Barsi Filho as Chairman of the Board of Directors; and (ii) leave vacant the position of member of the Board of Directors, which will now have six members.

Change in the Advisory Board

On September 27, 2016, in another Notice to the Market, Mr. Victor Adler announced his resignation from the position of member of the Company's Advisory Board, to which he was elected at the Annual Shareholders Meeting held on April 27, 2016, to hold office until the Annual Shareholders Meeting to be held in April 2017. Consequently, the Advisory Board now has two members.

On October 21, 2016, the Company announced to the market that it received letters dated October 20, 2016, from Luiz Barsi Filho and Leonardo Deeke Boguszewski announcing their resignation from the Company's Advisory Board, to which they were elected at the Annual Shareholders Meeting held on April 27, 2016, to hold office until the Annual Shareholders Meeting to be held in April 2017.

Since the Advisory Board is not a decision-making body, the positions of the resigning members will remain vacant until the next Annual Shareholders Meeting.

Outlook

With an economic scenario of uncertainties and the consequent decrease in investments and private consumption, in lined with credit, employment and income data, projections about the performance of the economy in terms of GDP in 2016, compared to 2015, point to a 3.3% contraction, according to the FOCUS market readout dated November 4, 2016, while the outlook for construction GDP is a decline of 3.6%, as per the September 2016 Inflation report published by BACEN.

In its FOCUS market readout dated November 4, 2016, BACEN forecasts GDP growth of 1.2% and IPCA of 4.9% in 2017, with inflation converging to the target. With the SELIC Rate expected to be lowered to 10.75% at the end of the period, the scenario is promising in terms of a recovery in economic activity, though it should be gradual.

For the construction materials industry, the Brazilian Construction Materials Industry Association (ABRAMAT) points to a decline in real sales by 10.0% in 2016 compared to 2015, due to the negative outlook for construction on account of the difficulties with the reduction in real estate financing, weak performance of the infrastructure segment, cancellations of residential apartments and slower pace of the My Home, My Life program. According to ABRAMAT, a recovery of this weak scenario in the medium term will require government measures to offset these problems, particularly with regard to employment and credit.

The Brazilian Government has been taking measures to stimulate growth in the construction and construction materials sectors through a few proposals, including the reduction in the interest rate for real estate financing through Caixa Econômica Federal, in line with the reduction in the SELIC Rate and the launch, on November 9, 2016, of the Home Renovation Card, which will provide a loan of R$5,000 for property renovation so that families with income of up to R$1,800 can purchase construction materials to renovate and expand their homes. The Company considers measures such as these fundamental for the construction materials sector to resume growth, which will contribute positively to the Company’s business.

The Company operates in the construction materials segment, whose performance depends on the construction industry and, consequently, the growth of the Brazilian economy. It is important to consider the following challenges facing the country and the industry in which the company operates, which have an impact on our business and the demand for products in our portfolio, particularly those linked to self-managed construction: competition in the Brazilian industry given the infrastructure bottlenecks, tax issues and currency appreciation, job creation and better income distribution, sustainable economic policies, as well as increase in business and consumer confidence.

In the fiber-cement segment, Eternit is drawing on the strength of its brand and its network of over 15,000 resellers to minimize the effects of the crisis and operate its plants in an optimized manner, in line with market demand. In the chrysotile mining and concrete roofing tiles segments, capacity utilization should accompany market demand. Efforts will continue to focus on reducing operating costs and expenses, as well as on recovering operating margin, optimizing distribution logistics and boosting competitiveness to meet the stiff competition during times of low utilization of installed capacity.

In keeping with the Company's strategy of diversified organic growth, the plant in Manaus, Amazonas, produced and sold the first experimental industrial lots of polypropylene yarns for trials in fiber-cement on an industrial scale. The bathroom chinaware unit in Ceará has been offering a more diversified portfolio to drive business profitability.

With regard to legal aspects involving chrysotile mineral, the Company believes the courts will consider the technical and scientific evidence in the actions pending trial and, if necessary, it will take all applicable legal measures.

Regardless of the above-mentioned challenges, the Company believes in the recovery of growth of the Brazilian economy and, especially, of its industry. Management continues to closely monitor the developments and impacts of the current macroeconomic scenario to conduct its operations with financial discipline, to reduce working capital and to execute its debt reduction policy with the focus on business sustainability to consolidate Eternit's position as the leading supplier of raw materials, products and solutions for the construction industry.

Conference Call / Webcast (in Portuguese with simultaneous translation into English)

The Executive Board of **Eternit** invites you all to participate in the disclosure of its results for the third quarter of 2016.

Presentation: Rodrigo Lopes da Luz, Chief Financial and Investor Relations Officer
Date: Friday, November 11, 2016
Time: 2 p.m. (Brasília) / 11 a.m. - Eastern Standard Time (New York) / 4 p.m. GMT (London)

The presentation, give through slides, can be viewed online by registering at **www.ccall.com.br/eternit/3q16.htm** or on Eternit's investor relations website: **www.eternit.com.br/ri**

To listen to the presentation by phone, dial **+55 (11) 3193-1001 or 2820-4001** in Brazil and **+1 786 924-6977** in other countries - Access code for participants: **Eternit**

Playback: a recording of the call will be available from **November 11, 2016** to **November 17, 2016**
Dial-in: **+55 (11) 3193-1012 or 2820-4012 -** Access code for participants: **4317837#**

Eternit

Investor Relations

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Eternit

ETERNIT S.A.

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	09/30/16	12/31/15	09/30/16	12/31/15
Current	**218,750**	**233,315**	**366,829**	**412,320**
Cash and cash equivalents	1,186	2,850	2,592	5,578
Short-term investments	1,406	3,114	6,279	16,734
Accounts receivable	80,948	73,337	158,981	172,342
Related parties	21,261	30,447	5,119	2,818
Inventories	100,890	108,428	167,683	184,383
Recoverable taxes	8,734	7,638	14,105	15,083
Other current asset	4,325	7,501	10,087	15,382
Assets held for sale	**-**	**-**	**1,983**	**-**
Assets held for sale	-	-	1,983	-
Non-current	**496,297**	**493,500**	**504,874**	**520,874**
Related parties	26,549	9,711	15,557	-
Deferred income and social contribution taxes	38,306	34,264	67,651	63,823
Recoverable taxes	24,279	24,081	24,724	24,765
Judicial deposits	15,119	11,576	23,022	19,003
Investments	232,960	251,659	5,733	24,782
Plant, property and equipment, net	151,654	154,920	335,346	354,047
Intangible assets	6,360	6,950	30,342	31,647
Other non-current asset	1,070	339	2,499	2,807
Total assets	**715,047**	**726,815**	**871,703**	**933,194**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	09/30/16	12/31/15	09/30/16	12/31/15
Current Liabilities	**90,767**	**84,283**	**169,658**	**205,820**
Trade accounts payable	17,624	23,922	32,346	41,420
Related parties	25,417	12,256	-	-
Loans and financing	9,340	6,327	69,145	90,307
Taxes, charges and contributions payable	12,096	10,697	19,578	19,867
Provision and social charges	17,084	14,858	30,761	27,722
Dividends and interest on equity payable	484	7,534	484	7,534
Provision for future benefits to former employees	2,754	2,749	4,894	4,890
Other current liabilities	5,968	5,940	12,450	14,080
Non-Current	**132,113**	**142,434**	**209,862**	**227,258**
Loans and financing	6,685	16,294	57,997	76,954
Related parties	43,230	40,728	-	-
Provision for future benefits to former employees	33,172	31,839	45,514	44,437
Provision for civil, tax and labor contigencies	46,589	47,096	86,908	84,281
Deferred income and social contribution taxes	2,437	6,477	5,892	8,969
Provision for demobilization mining areas	-	-	13,551	12,617
Equity	**492,167**	**500,098**	**492,183**	**500,116**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,460	19,460	19,460	19,460
Treasury stock	(174)	(174)	(174)	(174)
Other Comprehensive Income	(9,177)	(9,177)	(9,177)	(9,177)
Fiscal period results	(8,056)	-	(8,056)	-
Income reserves	155,863	155,738	155,863	155,738
Net equity attributable to non-minority shareholders	**492,167**	**500,098**	**492,167**	**500,098**
Minority shareholders	-	-	16	18
Total Liablities and equity	**715,047**	**726,815**	**871,703**	**933,194**

Eternit

ETERNIT S.A. (PARENT COMPANY)

Income Statements

Corporate Law

R$ ´000	3rd Quarter			Accum. 9 Months		
	2016	2015	% Chg.	2016	2015	% Chg.
Gross revenues	**169,326**	**170,738**	**(0.8)**	**494,789**	**508,186**	**(2.6)**
Gross revenues deductions	(43,216)	(42,442)	1.8	(120,853)	(128,558)	(6.0)
Net revenues	**126,110**	**128,295**	**(1.7)**	**373,936**	**379,628**	**(1.5)**
Cost of products sold	(101,874)	(95,613)	6.5	(294,931)	(285,931)	3.1
Gross profit	**24,236**	**32,682**	**(25.8)**	**79,005**	**93,697**	**(15.7)**
Gross margin	***19%***	***25%***		***21%***	***25%***	
Operating revenues (expenses)	**(31,737)**	**(30,457)**	**4.2**	**(93,272)**	**(86,577)**	**7.7**
Sales	(16,826)	(14,179)	18.7	(46,875)	(42,539)	10.2
General and administrative	(12,094)	(15,678)	(22.9)	(35,492)	(42,908)	(17.3)
Other operating (expenses) revenues, net	(2,817)	(600)	369.6	(10,905)	(1,130)	865.0
Operating loss/income before equity pickup (EBIT)	**(7,501)**	**2,225**	**-**	**(14,267)**	**7,120**	**-**
EBIT margin	***-6%***	***2%***		***-4%***	***2%***	
Equity pickup	(20)	4,538	-	6,797	36,971	(81.6)
Operating loss/income before financial expenses (EBIT)	***(7,521)***	***6,763***	**-**	***(7,470)***	***44,091***	**-**
Net financial income	**(2,407)**	**(5,523)**	**(56.4)**	**(4,628)**	**(8,676)**	**(46.7)**
Financial expenses	(4,458)	(17,898)	(75.1)	(22,944)	(26,594)	(13.7)
Financial income	2,051	12,375	(83.4)	18,316	17,918	2.2
Loss/Income before tax and social contribution	**(9,928)**	**1,240**	**-**	**(12,098)**	**35,415**	**-**
Current	-	-	-	-	-	-
Deferred	2,608	3,493	(25.3)	4,042	6,262	(35.4)
Net loss/income	**(7,320)**	**4,733**	**-**	**(8,056)**	**41,677**	**-**
Net margin	***-6%***	***4%***		***-2%***	***11%***	
Loss/Earnings per share - R$	(0.041)	0.026		(0.045)	0.233	
EBITDA	**(3,793)**	**9,922**	**-**	**3,588**	**53,836**	**(93.3)**
EBITDA margin	***-3%***	***8%***		***1%***	***14%***	

ETERNIT S.A. (CONSOLIDATED)

Income Statements

Corporate Law

R$ ´000	3rd Quarter			Accum. 9 Months		
	2016	2015	% Chg.	2016	2015	% Chg.
Gross revenues	**260,835**	**306,055**	**(14.8)**	**805,597**	**923,655**	**(12.8)**
Gross revenues deductions	(56,526)	(61,069)	(7.4)	(168,659)	(189,528)	(11.0)
Net revenues	**204,309**	**244,986**	**(16.6)**	**636,939**	**734,127**	**(13.2)**
Cost of products sold	(140,315)	(144,731)	(3.1)	(429,689)	(446,526)	(3.8)
Gross profit	**63,994**	**100,255**	**(36.2)**	**207,250**	**287,601**	**(27.9)**
Gross margin	***31%***	***41%***		***33%***	***39%***	
Operating revenues (expenses)	**(57,215)**	**(59,810)**	**(4.3)**	**(171,412)**	**(173,609)**	**(1.3)**
Sales	(27,771)	(27,419)	1.3	(81,721)	(85,373)	(4.3)
General and administrative	(24,690)	(30,414)	(18.8)	(75,074)	(87,523)	(14.2)
Other operating (expenses) revenues, net	(4,754)	(1,977)	140.4	(14,617)	(713)	1,948.9
Operating income before equity pickup (EBIT)	**6,778**	**40,445**	**(83.2)**	**35,838**	**113,992**	**(68.6)**
EBIT margin	***3%***	***17%***		***6%***	***16%***	
Equity pickup	(6,919)	(9,856)	(29.8)	(19,049)	(22,068)	(13.7)
Operating loss/income before financial expenses (EBIT*)	***(141)***	***30,589***	**-**	***16,789***	***91,924***	**(81.7)**
Net financial income	**(5,734)**	**(15,624)**	**(63.3)**	**(15,555)**	**(18,748)**	**-**
Financial expenses	(10,274)	(84,912)	(87.9)	(57,658)	(128,511)	(55.1)
Financial income	4,540	69,288	(93.4)	42,103	109,763	(61.6)
Loss/Income before tax and social contribution	**(5,874)**	**14,965**	**-**	**1,234**	**73,176**	**(98.3)**
Current	(3,314)	(14,645)	(77.4)	(13,120)	(41,799)	(68.6)
Deferred	1,867	4,414	(57.7)	3,828	10,301	(62.8)
Net loss/income	**(7,321)**	**4,734**	**-**	**(8,058)**	**41,678**	**-**
Net margin	***-4%***	***2%***		***-1%***	***6%***	
Loss/Earnings per share - R$	(0.041)	0.026		(0.045)	0.233	
EBITDA	**9,530**	**40,595**	**(76.5)**	**46,085**	**121,273**	**(62.0)**
EBITDA margin	***5%***	***17%***		***7%***	***17%***	
Adjusted EBITDA over equity pickup	**16,450**	**50,451**	**(67.4)**	**65,135**	**143,341**	**(54.6)**
Adjusted EBITDA margin	***8%***	***21%***		***10%***	***20%***	

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

ETERNIT S.A.

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	09/30/16	09/30/15	09/30/16	09/30/15
Operating activities:				
Income before income and social contribution taxes	**-12,098**	**35,415**	**1,234**	**73,176**
Adjustments to reconcile pre-tax (loss) income with net cash provided by operating activities:				
Equity pickup	(6,797)	(36,971)	19,049	22,068
Depreciation and amortization	11,058	9,745	29,297	29,349
Gain (loss) from disposal of permanent assets	(5)	(98)	(3,118)	(126)
Provision for impairment losses on accounts receivable	1,996	1,084	3,179	1,712
Provision for civil, tax and labor contigencies	1,571	747	4,924	3,308
Provision (reversal) for sundry losses	814	599	1,930	1,839
Financial charges, monetary changes and foreign exchange variation	(574)	5,770	(2,001)	7,653
Short-term investment yield	(38)	(878)	(669)	(2,702)
Net changes in prepaid expenses	4,785	2,886	5,622	3,950
	712	**18,299**	**59,447**	**140,227**
(Increase) decrease in operating assets:				
Trade accounts receivable	(9,607)	(8,325)	7,816	(19,326)
Related parties receivable	(3,233)	(4,974)	(2,301)	(712)
Inventories	8,062	(33,504)	16,784	(36,078)
Recoverable taxes	1,745	(991)	6,653	(4,091)
Judicial deposits	(3,543)	(3,694)	(4,019)	(4,212)
Received dividends	36,316	71,093	-	-
Other assets	(2,326)	(2,660)	3	(10,577)
Increase (decrease) in operating liabilities				
Trade accounts payable	(6,298)	(730)	(9,074)	(999)
Related parties payable	13,158	13,436	-	-
Taxes, charges and contribution payable	(4,271)	886	(10,095)	2,641
Provisions and social charges	2,226	6,494	3,039	7,004
Other liabilities	(2,049)	605	(3,924)	3,824
Interest paid	(799)	(314)	(5,554)	(4,266)
Income and social contribution taxes paid	-	-	(11,173)	(46,756)
Net cash flow from operating activities	**30,093**	**55,621**	**47,602**	**26,679**
Cash flow from investment activities				
Additions to property, plant and equipment and intangible assets	(7,219)	(16,100)	(11,532)	(28,466)
Addition to exchange gains (losses) converted into capital	-	-	-	(13,902)
Loan from related party receivable	(15,546)	3,932	(15,146)	(12,870)
Cash receipt from the sale of property, plant & equipment	23	782	3,376	873
Capital increase in subsidiaries	-	(29,522)	-	-
Short-term investments	(21,200)	(49,800)	(110,588)	(187,936)
Redemptions from short-term investments	22,944	58,920	121,701	204,959
Net cash flow from investment activities	**(20,998)**	**(31,788)**	**(12,189)**	**(37,342)**
Cash flow from financing activities				
Loans and financing raised	1,962	12,506	59,442	242,441
Loan with related party	-	4,888	-	-
Amortization of loans and financing	(5,845)	(3,232)	(90,965)	(198,055)
Payment of dividends and interest on equity	(6,876)	(42,224)	(6,876)	(42,224)
Net cash flow from financing activities	**(10,759)**	**(28,062)**	**(38,399)**	**2,162**
(Decrease) in cash and equivalents	**(1,664)**	**(4,229)**	**(2,986)**	**(8,501)**
Increase (Decrease) in cash and equivalents				
At the beginning of the year	2,850	5,711	5,578	13,367
At the end of the year	1,187	1,482	2,592	4,866
(Decrease) in cash and equivalents	**(1,664)**	**(4,229)**	**(2,986)**	**(8,501)**