

Eternit







Conference Call – Earning Results 3Q13 – 11/08/2013

Disclaimer

“Forward looking statements included in this presentation regarding the Company’s business, operating and financial results and Company’s growth are only predictions and were based on management's expectations regarding future performance. These expectations are highly dependent on market conditions, Brazilian economic scenario, industry performance and international markets, and are therefore subject to change.”

The largest and most diversified roof coverings industry in Brazil

				
Activity	Manufacture of fiber cement and commercialization of bathroom chinaware, metallic fittings and components for construction systems		Chrysotile Mining	Manufacture of concrete tiles and commercialization of sanitary ware
Industrial Units	4	1	1	6
Market Share - 2012	Leader in fiber cement – 30% of Market Share		The world's 3 rd largest – 15% of Market Share	Leader in concrete tiles –30% of Market Share
	5 th largest of Brazil in sanitary ware			
Capacity	1 million tons / fiber cement		300 thousand tons	10 million m ²
Capacity Used – 3Q13	Fiber cement – around 90%		100%	Around 60%

Highlights of 3Q13 (when compared to 3Q12)

- Economic Figures registered growth of:
 - ✓ GDP Brazil:¹ 2.5%
 - ✓ GDP for construction sector:¹ 1.9%
 - ✓ ABRAMAT:² 4.3%
 - ✓ Eternit:² 10.7%
- Variation on Sales Volume:
 - ✓ Chrysotile mineral: - 1.9%
 - ✓ Fiber cement: 7.2%
 - ✓ Concrete tiles: - 9.9%
- Net Consolidated Revenue amounted to R\$ 251.3 million, growth of 9.4%;
- EBTIDA was R\$ 49.3 million, an increase of 8.9% and margin of 20% ;
- Net Income reached R\$ 28.4 million, a growth of 4.7%;
- A Public Interest Civil Lawsuit was ruled by the Public Labour Ministry in the state of São Paulo and the Brazilian Asbestos Exposure Victims Association; and
- Recognitions: Eternit was elected by Capital Aberto Magazine as being one of the Best Companies for Shareholders in 2013.

Eternit



Operational Performance

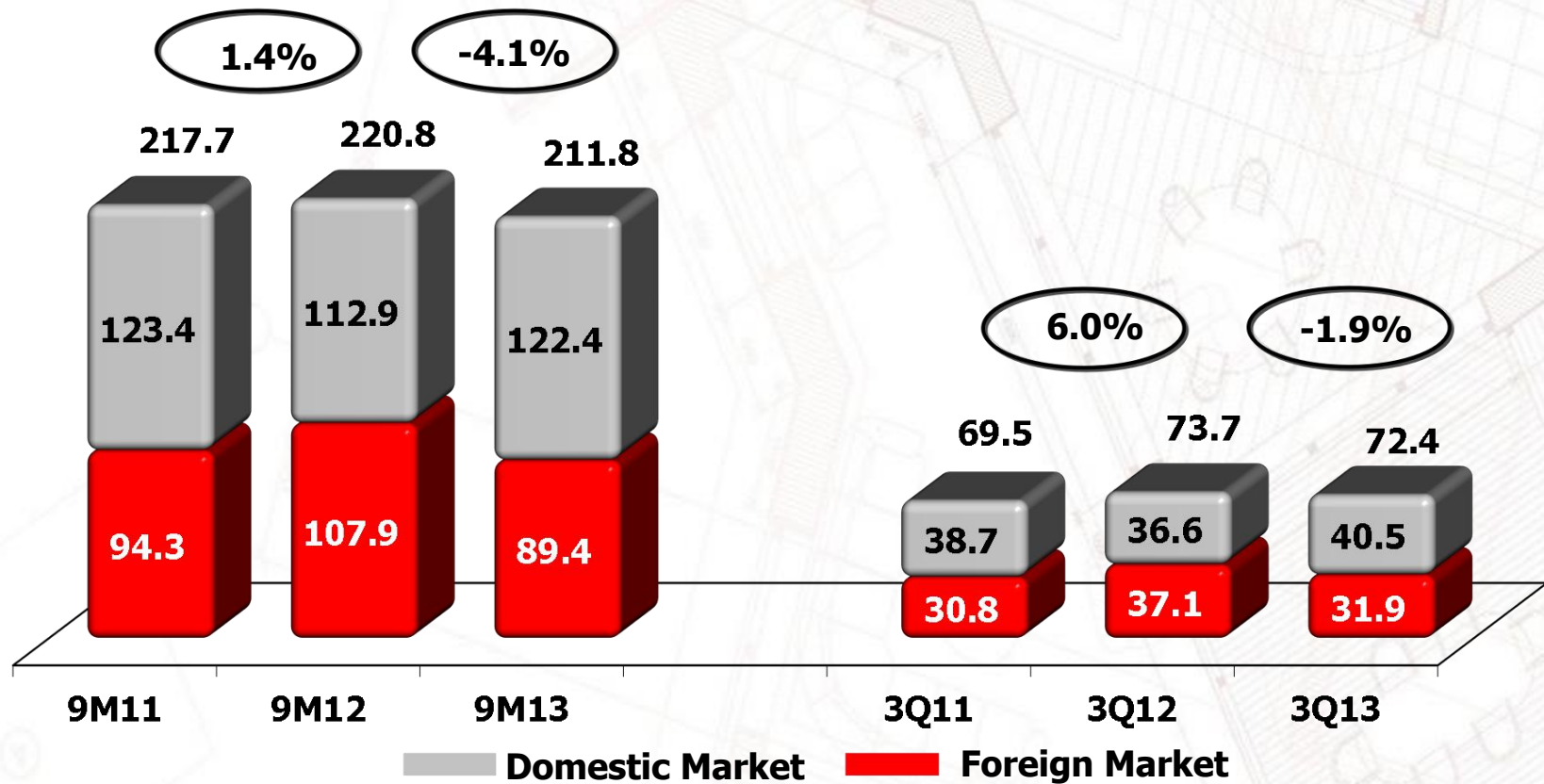
Sales of Chrysotile Mineral (thous. tons)

9M13 x 9M12

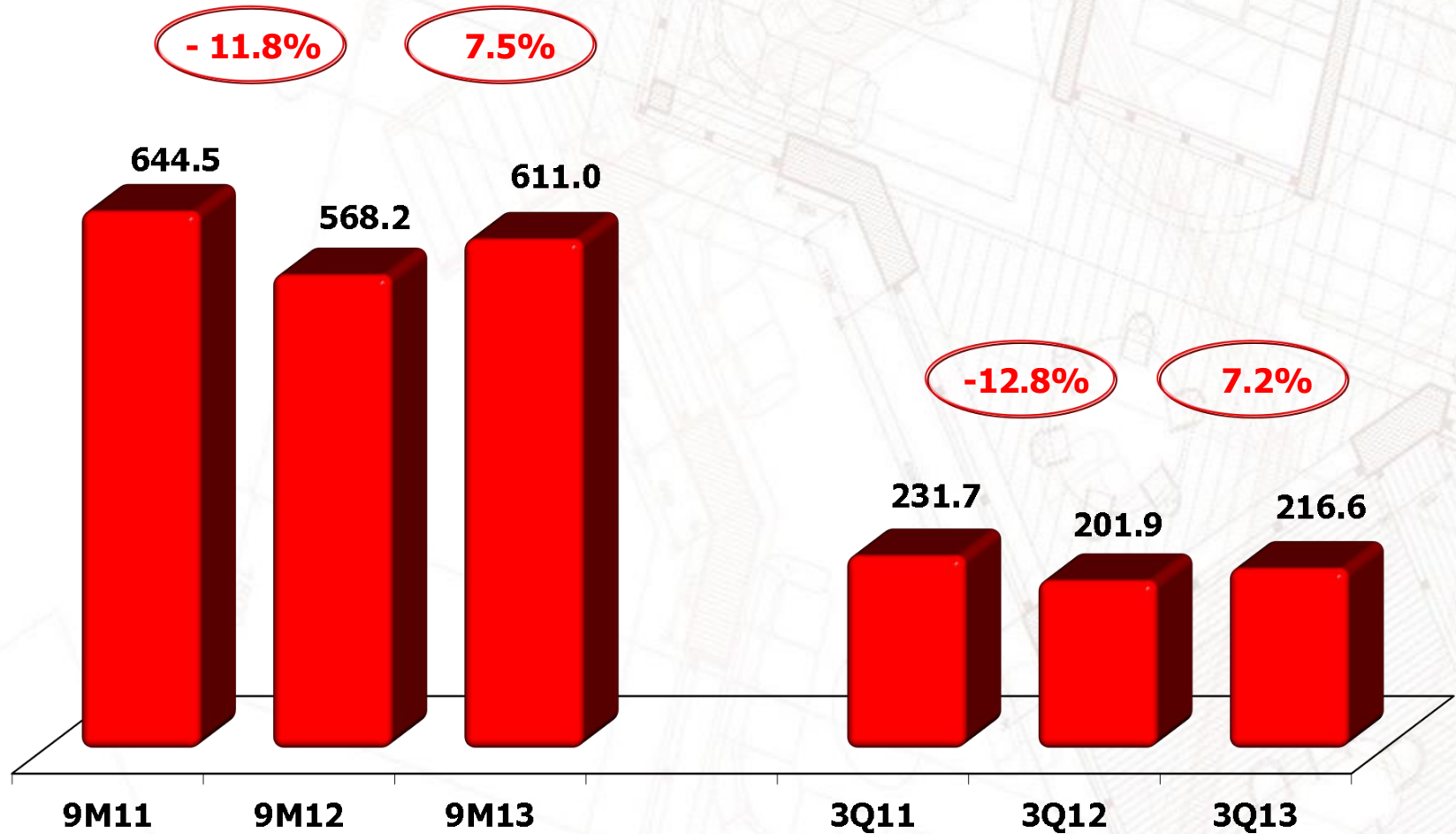
- Domestic Market – increase of 8.4%
- Foreign Market – reduction of 17.2%

3Q13 x 3Q12

- Domestic Market – increase of 10.6%
- Foreign Market – reduction of 14.2%

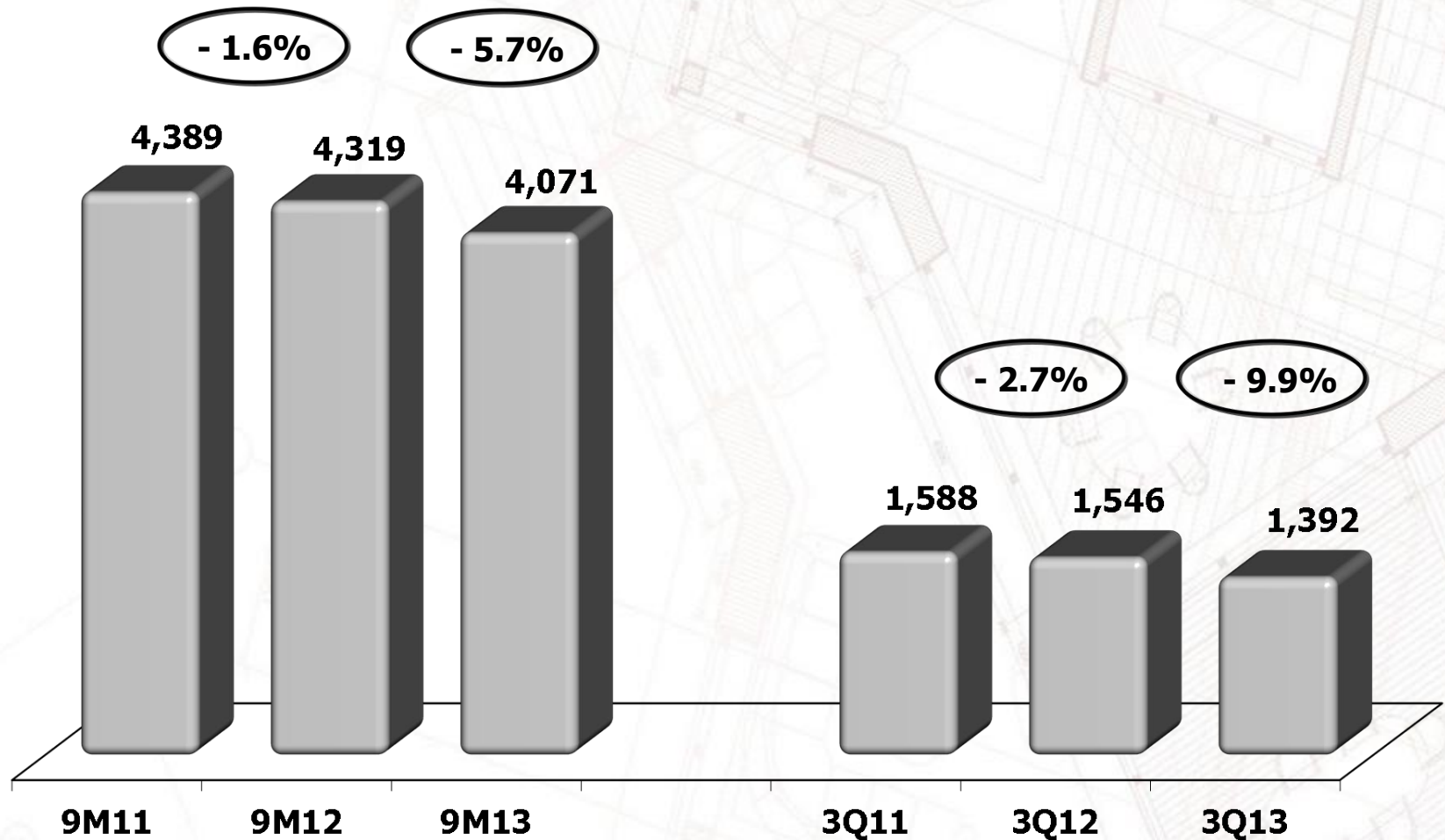


Sales of Fiber Cement* (thous. tons)



* Includes components for construction systems

Sales of Concrete Tiles (thous. square meters)

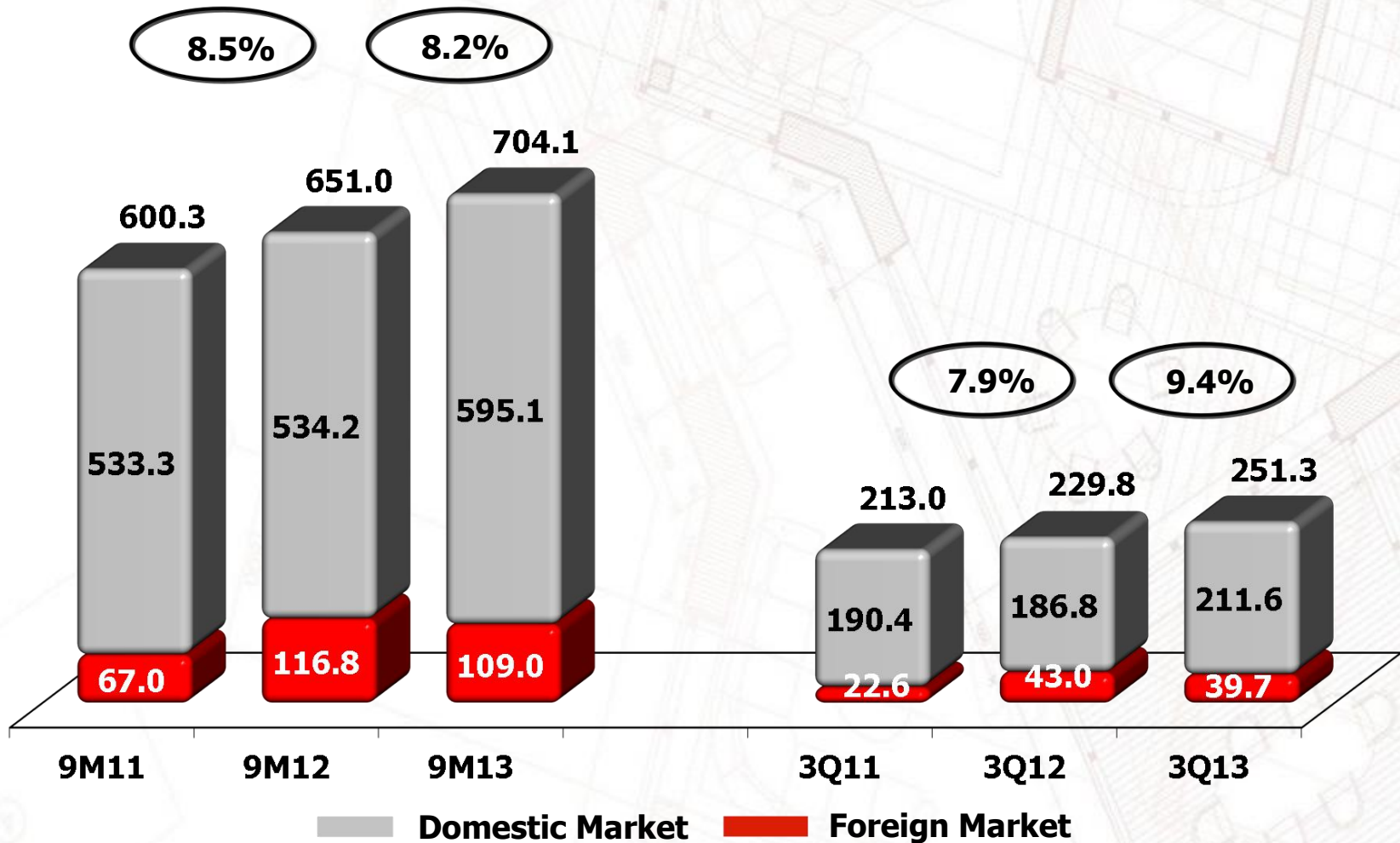


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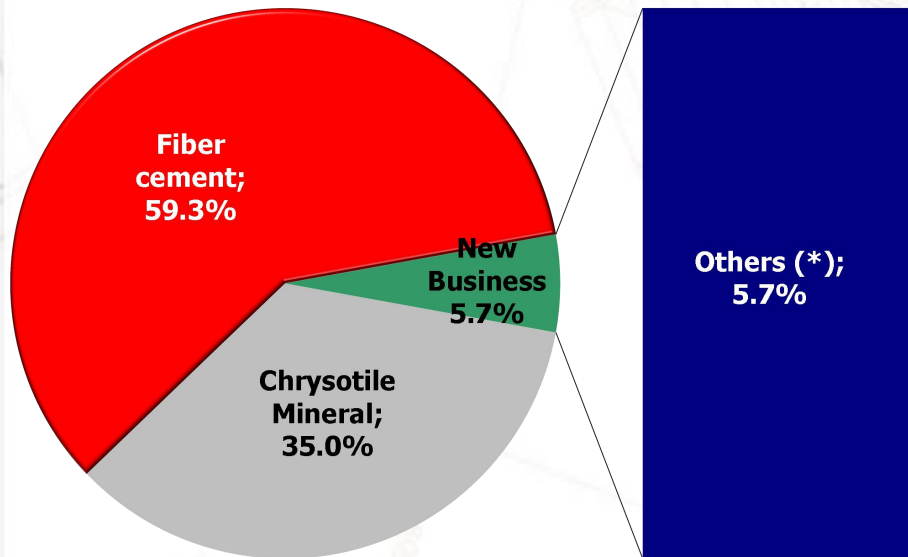
Economic and Financial Performance

Consolidated Net Revenue (R\$ million)

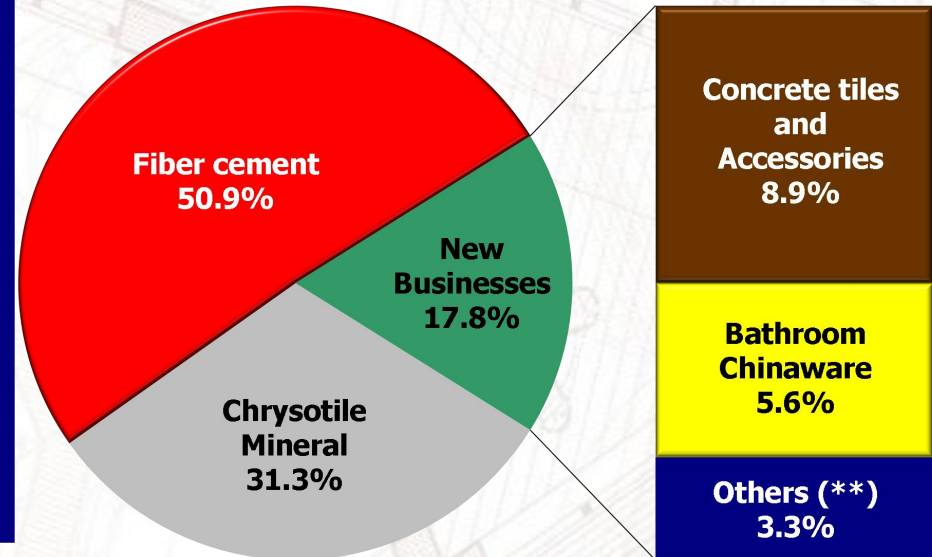


Net Revenue Breakdown

2007



3Q13

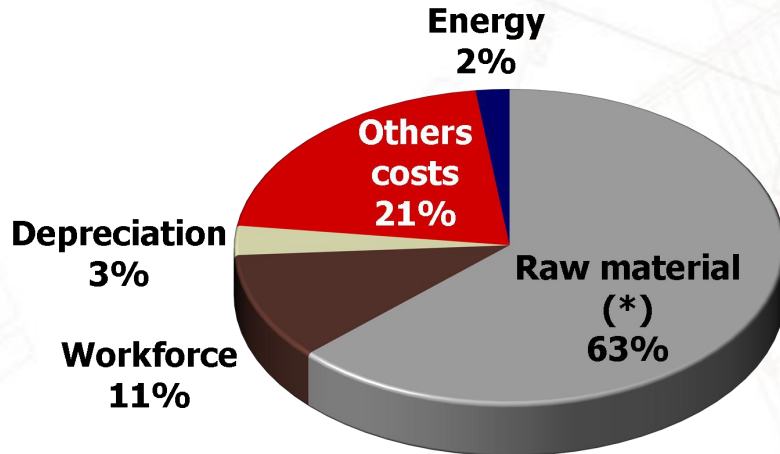


(*) Others: metallic roofing tiles, polyethylene water tanks and components for construction systems.

(**) Others: metallic roofing tiles, polyethylene water tanks, lavatory seats and metallic bathroom fittings, water pipe filters, synthetic marble and components for construction systems.

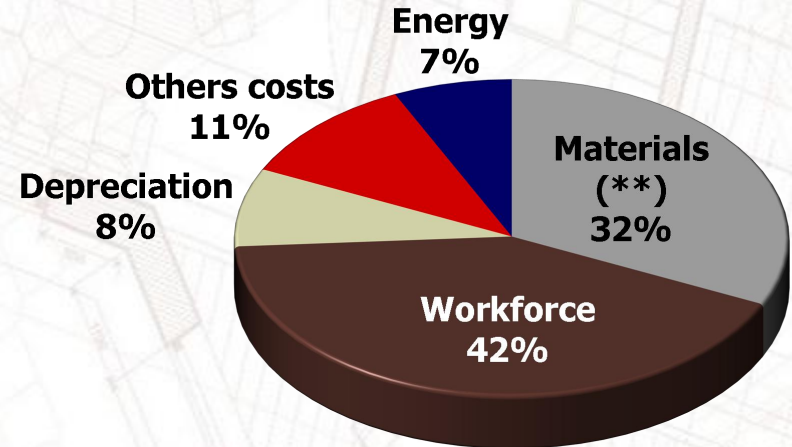
COGS Breakdown – 3Q13

Fiber Cement



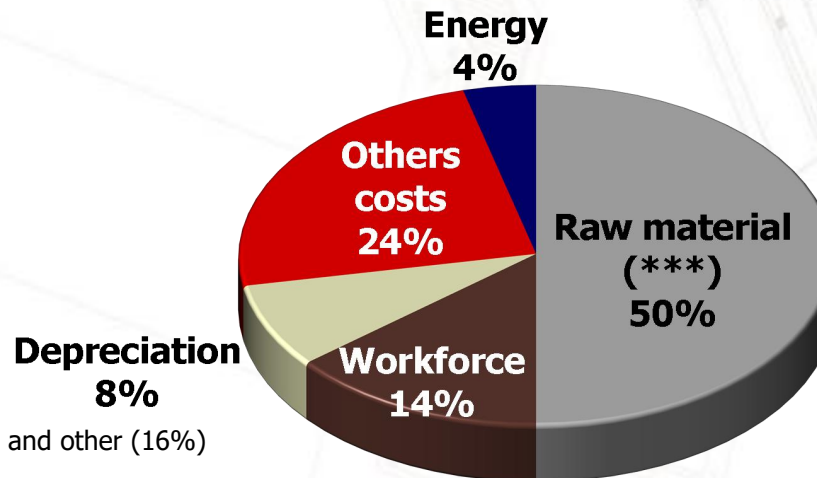
(*) - Cement (45%), Chrysotile Mineral (43%) and other (12%)

Chrysotile Mineral



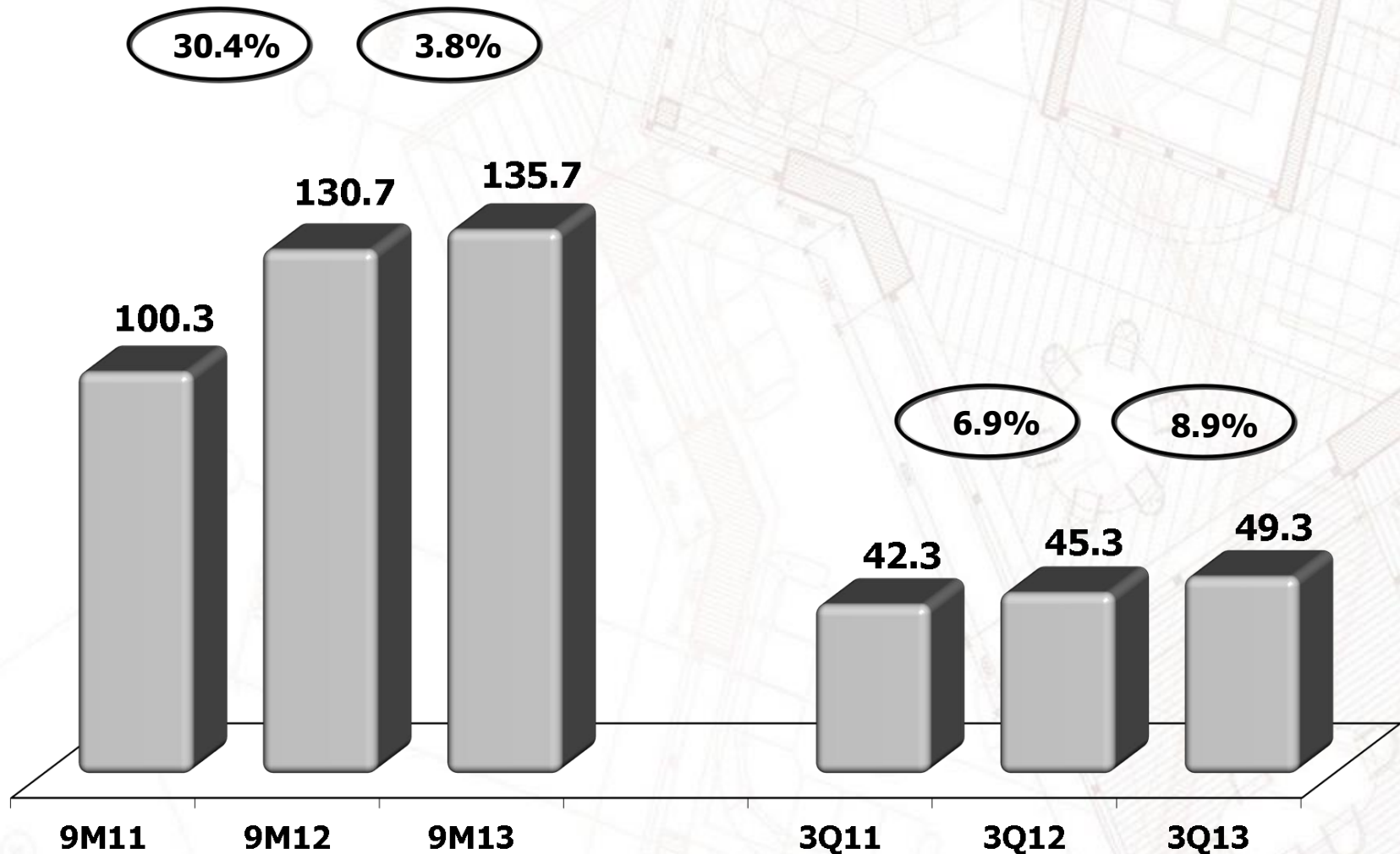
(**) – Fuel, explosives, packaging, among other

Concrete Tiles

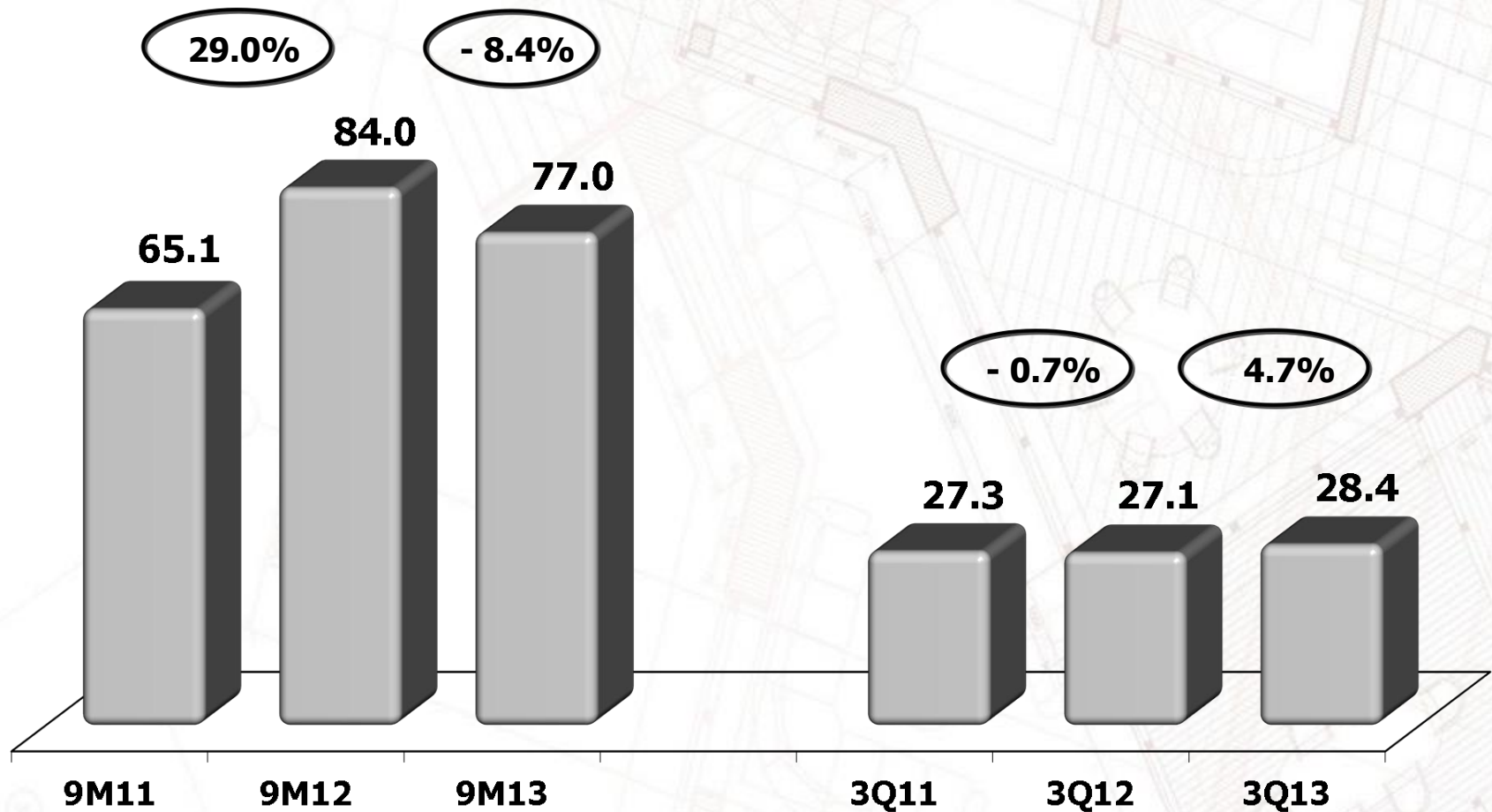


(***) - Cement (54%), sand (30%) and other (16%)

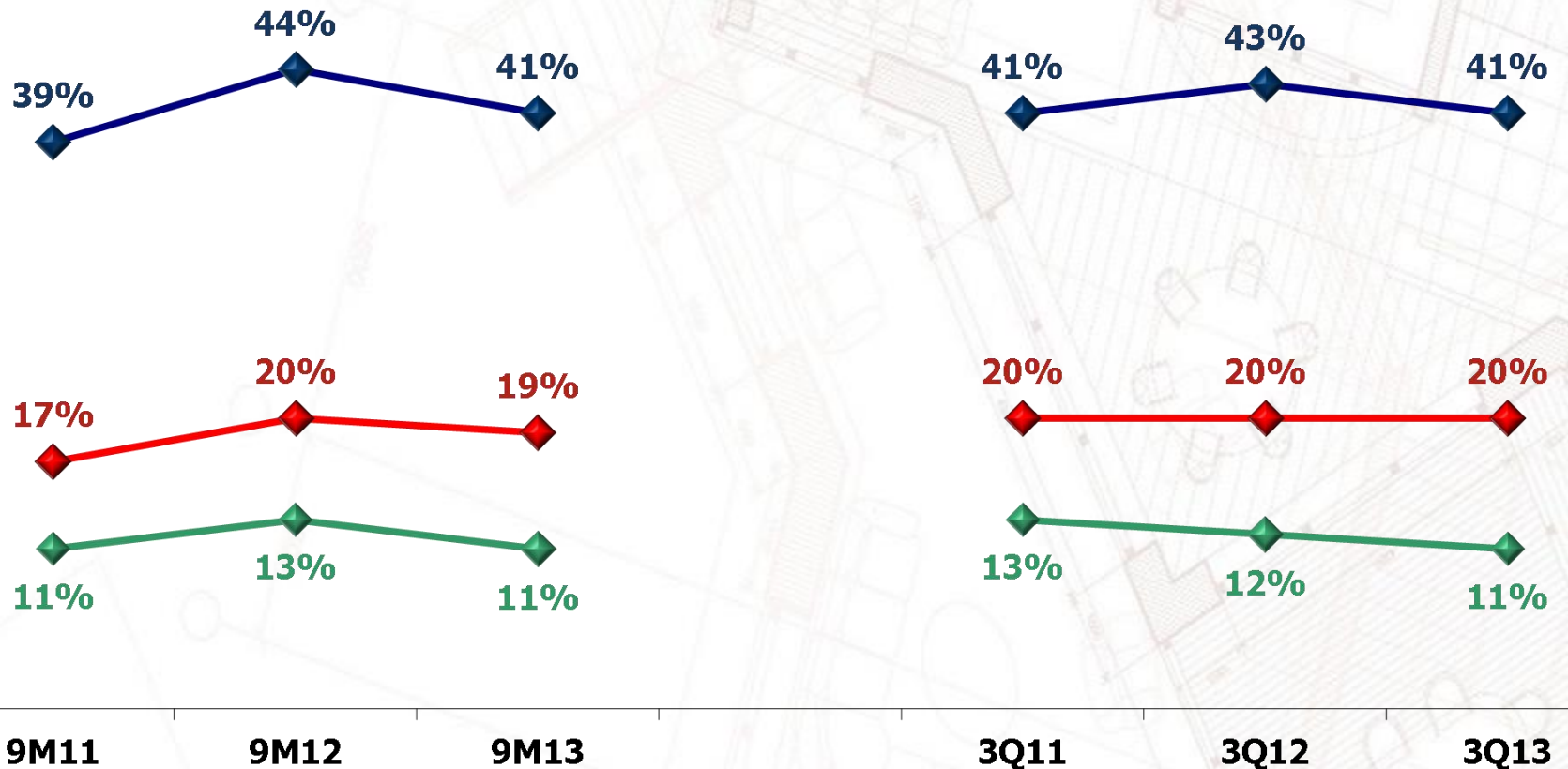
EBITDA (in R\$ million)



Net Income (in R\$ million)



Margins



◆ Gross Margin

◆ EBITDA Margin

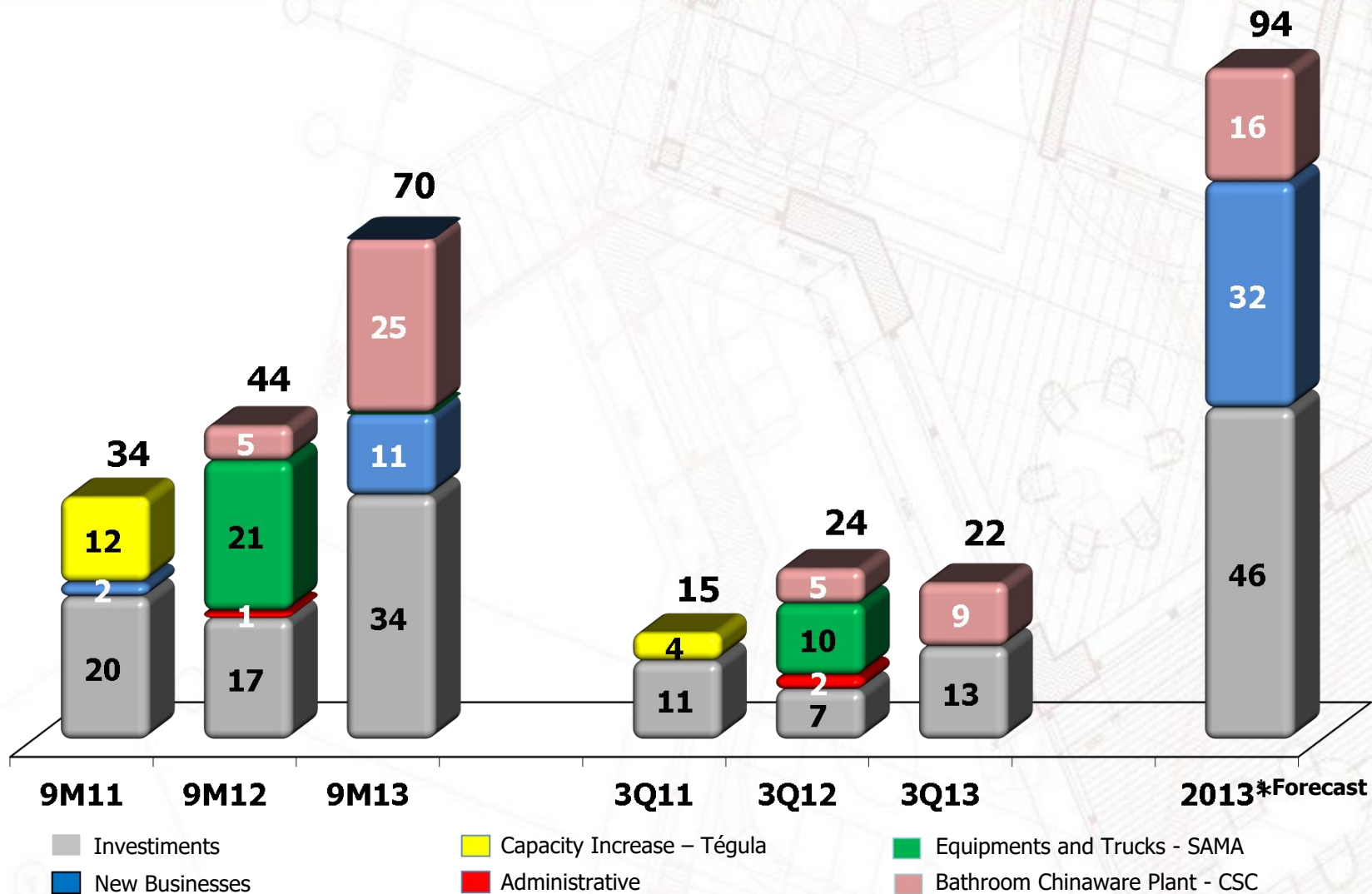
◆ Net Margin

Eternit



Investments

Capital Expenditures (in R\$ million)



Bathroom Chinaware Plant in Caucaia (State of Ceará – CE)

Joint-Venture: Companhia Sulamericana de Cerâmica S. A.

Eternit

Share of 60%
Knowledge of the local market
Strong distribution network
Efficient logistics
Brand strength
Investment Resources
Knowledge in Brazil

corona

Share of 40%
Knowledge of manufacturing and products technology
Low cost production
Expertise in new product development
Expertise in new market development

Investments: R\$ 97 million
Capacity: 1,500,000 pieces per year
Status of the building: initiated
End building: December 2013
Forecast of Gross Revenue at full capacity: approximately R\$ 127 million
Straight Workforce: 330 employees

Construction of the Bathroom Chinaware Plant in Caucaia (CE)



Follow the construction of the plant in Eternit's Blog: <http://blogdaeternit.com.br/>

Construction of the Bathroom Chinaware Plant in Caucaia (CE)



Building of the furnace

Construction of the Bathroom Chinaware Plant in Caucaia (CE)



Preparation of the paste

Construction of the Bathroom Chinaware Plant in Caucaia (CE)



Building of the countertops

Construction of the Bathroom Chinaware Plant in Caucaia (CE)



Finalization of the drying

Setting up of the 13rd unit of the Eternit Group in Manaus (AM)

At an extraordinary meeting on April 15, 2013, the Board of Directors approved the project to set up **a unit for research, development and production of inputs and construction materials, in the city of Manaus**, state of Amazonas, in line with the Structured Plan for Expansion and Diversification of the Eternit Group's business activities.

Planned investment of: approximately R\$ 40 million

Period for installation: short to medium term

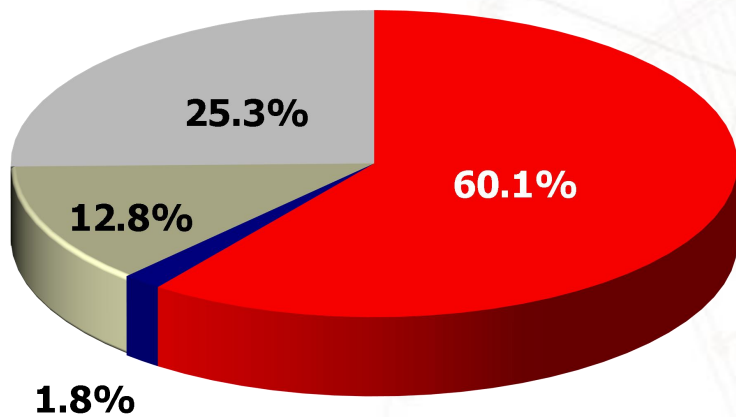
Funding: third-party funding on a preferential basis

Eternit



Capital Markets

Shareholding Structure – Oct/13



- Individual Investors
- Corporations
- Investors Abroad
- Clubs, Funds and Foundations

FREE-FLOAT

85.0%

Highlights

Geração L. Par. F. I. A.	15.25%
Luiz Barsi Filho	13.56%
Victor Adler + VIC DTVM	8.50%
Diretoria	1.07%
Ações em Tesouraria	0.03%

Board of Directors

Member since

Sergio Alexandre Melleiro (*)	1993
Lírio Albino Parisotto (*)	2004
Luiz Barsi Filho	2008
Marcelo Munhoz Auricchio	2011
Luis Terepins (*)	2011
Benedito Carlos Dias da Silva (*)	2012

(*) Independent member

Board of Auditors

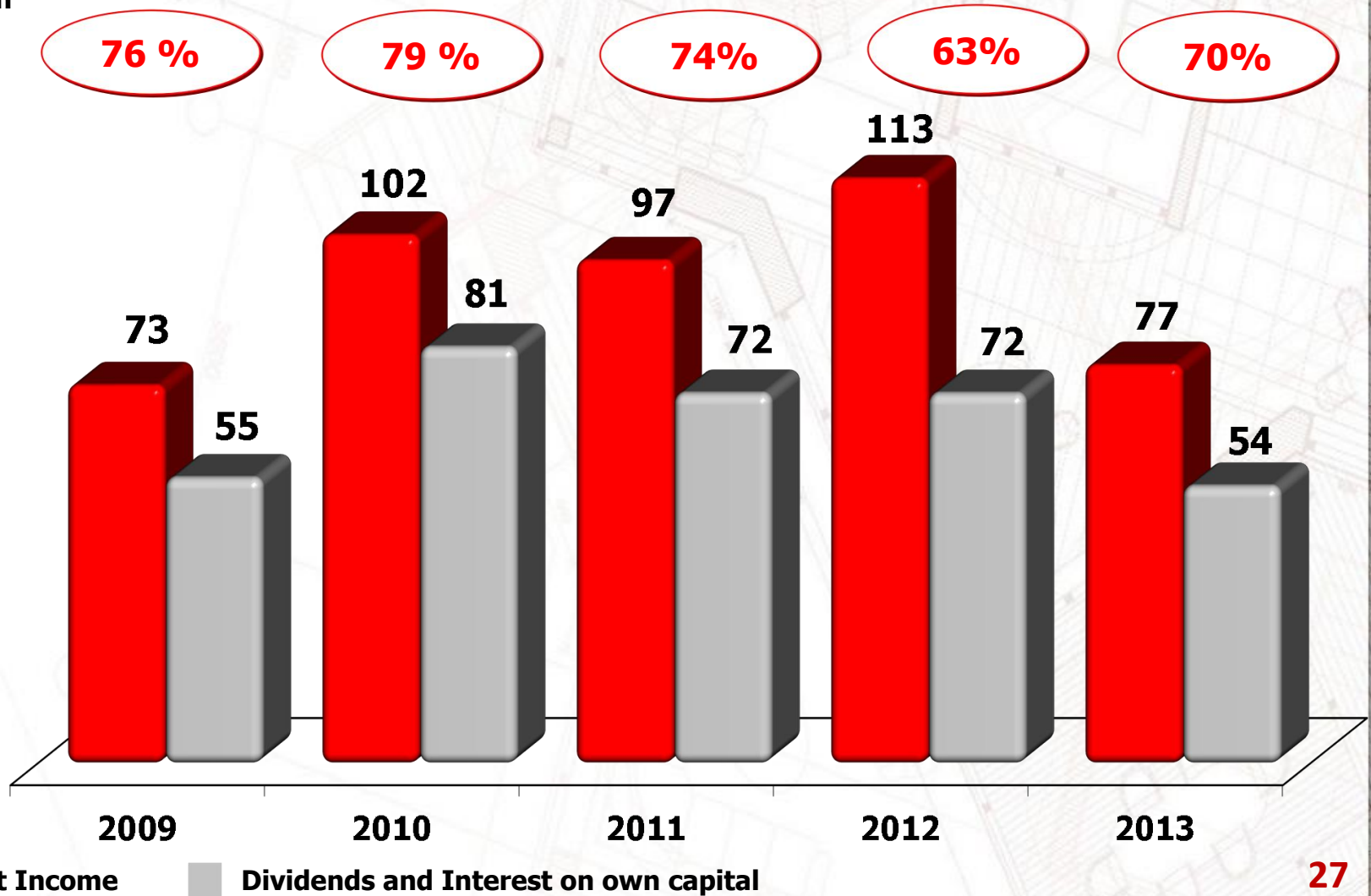
Member since

Charles René Lebarbenchon	2013
Edson Carvalho de Oliveira Filho	2013
Paulo Henrique Zukanovich	2013

Policy of Remuneration - Net Income X Distributed Earnings

In R\$ million

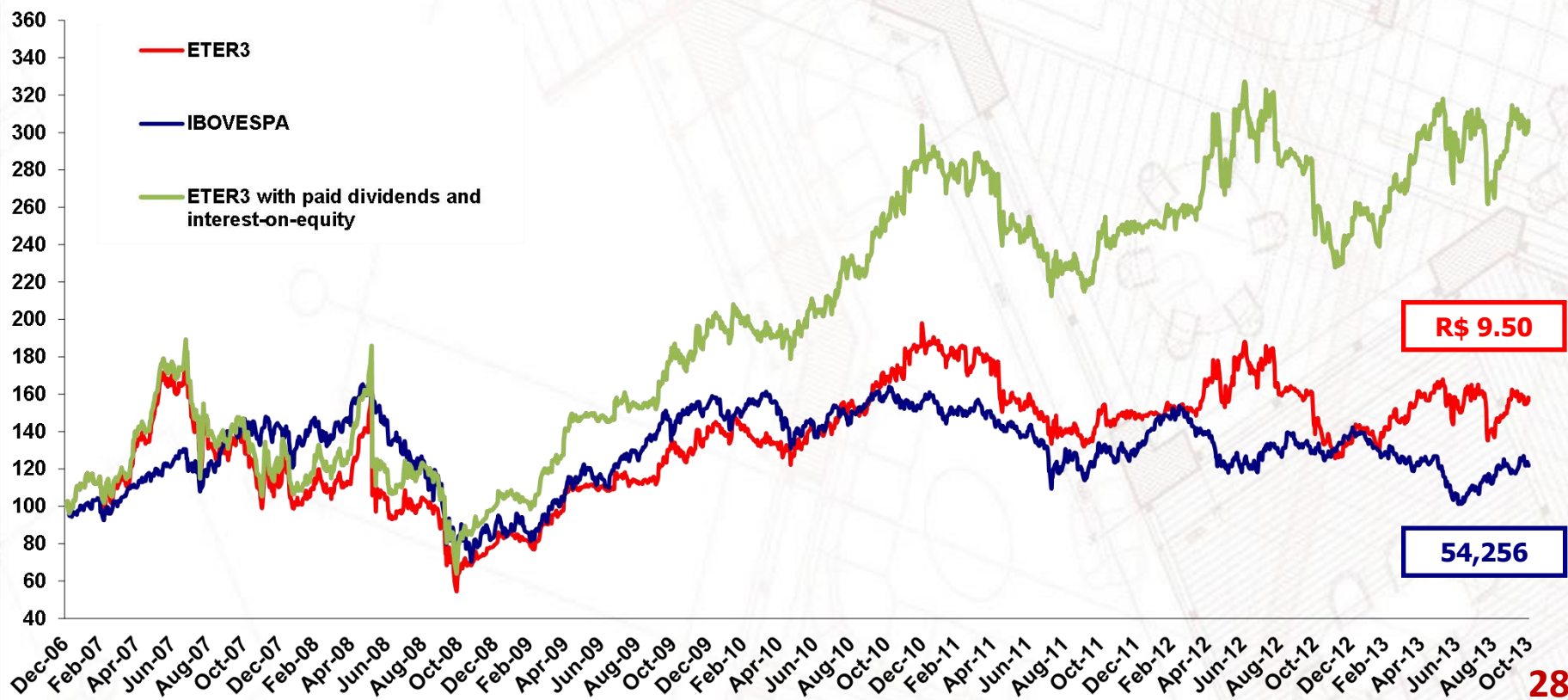
Pay Out



Eternit's Shares Performance (Dec/06 – Oct/13)

Between 12/28/2006 to 10/31/2013, Eternit's shares appreciated **56.8%** and IBOVESPA appreciated **22.0%**.

In the same period, including the payment of dividends and interest on own capital, Eternit's shares appreciated **203.3%**.



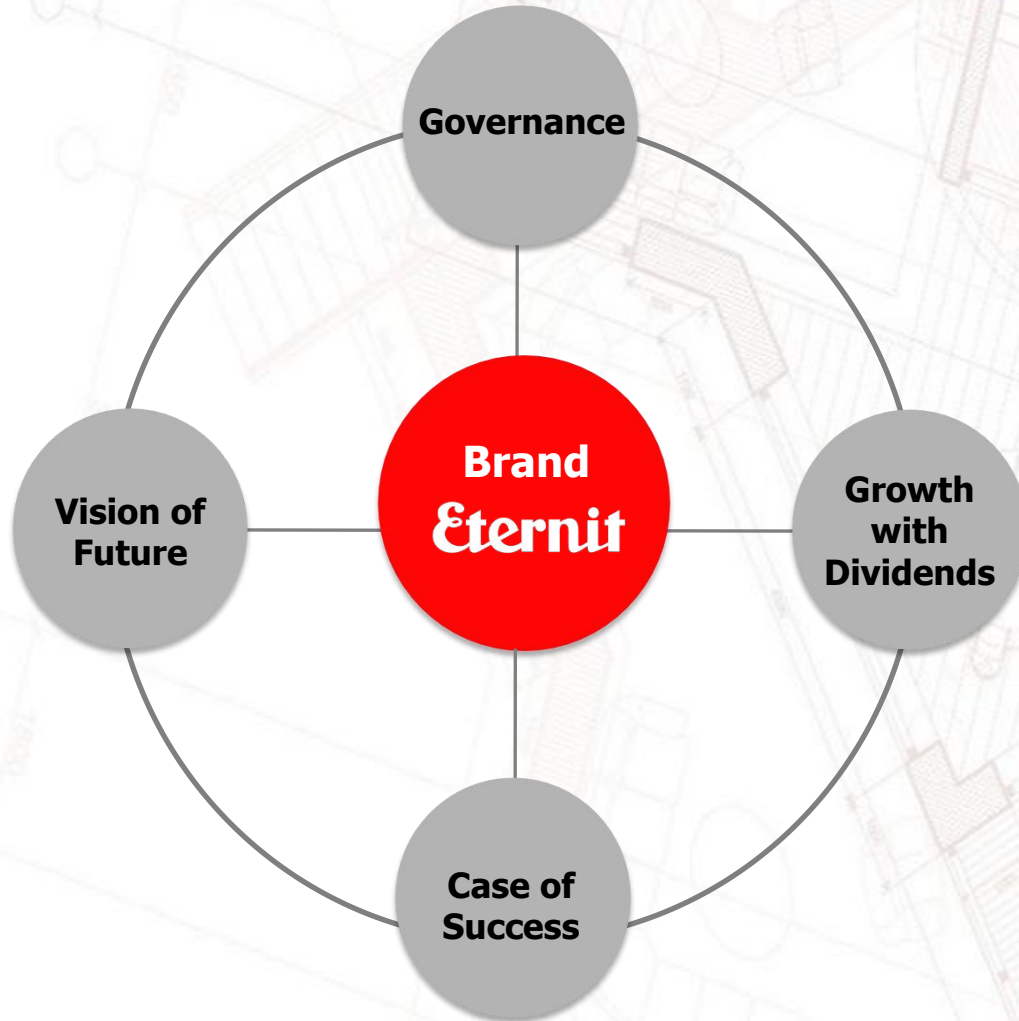
Eternit – An option for investment



ETNTY

OTC Markets

ADR - Level I



Watch the Eternit's Institutional movie through this QR Code.



Eternit



Chrysotile – The Brazilian Mineral

Chrysotile – The Brazilian Mineral

The use of Chrysotile ore in Brazil is regulated by the Federal Law 9,055/95, by Decree 2,350/97 and by regulatory standards for occupational health and safety. It is also provided in the Convention 162 of the International Labor Organization (OIT).

White Mineral

Bends and silky fibers without tip

High Concentration of Magnesium: $3\text{MgOSiO}_2\text{H}_2\text{O}$

Biopersistence*: 2.5 days

*Biopersistence: Time that a inhaled particle remains in the lungs before being eliminated by the body's defense mechanisms. To cause lung damage, the fiber must have penetration and durability capacities in the alveoli.



Serpentine rock with chrysotile mineral fibers

Brazil concluded in 2010 important research about chrysotile risks

Project Asbesto Ambiental

**“Ambiental Exposition to Asbesto: Evaluation of Risk and Effects in Health”
Process CNPq n. 420001/2006-9**

The results of the research were announced on November 25 2010 and demonstrates that:

Among the householders surveyed, no clinical, respiratory functional and high resolution tomographic alterations were found that could be attributed to atmospheric asbestos fiber inhalation.

In the occupational assessment, no new alterations were identified or progression in pleural and interstitial deterioration of individuals in the sample Group exposed after 1980 and who underwent High Resolution Computed Tomography scans in the two studies.

The full version of this research can be found in www.sectec.gov.br .

Positioning with respect to the legal question of chrysotile mineral

The **Federal Supreme Court (STF)** began on **October 31st, 2012** its ruling on the **merit of the Direct Actions of Unconstitutionality (ADI) 3357** in the light of state Law 11.643/2001 enacted by the state of Rio Grande do Sul, **and ADI 3937** in the context of state Law 12,684 of July 26th, 2007 of the state of São Paulo.

Judge Ayres Britto began the judgment ruling in favor of the constitutionality of the state laws while Judge Marco Aurélio Mello's vote was for the unconstitutionality of the same state laws. Following the conclusion of Judge Marco Aurélio Mello's ruling, the presiding judge adjourned the work of the court.

We would point out that this judgment is fruit of exhaustive debates with Brazilian society through **public hearings held by the STF on August 24th and 31st, 2012** led by Judge Marco Aurélio Mello together with the judges Rosa Weber and Ricardo Lewandowski.

For this reason, the STF is expected to set a new date for the final ruling on the merit mentioned in the ADIs as a whole.

Public Interest Civil Lawsuits

- **On August 9, 2013, the Public Labour Ministry in the state of São Paulo issued a ruling on a New Public Interest Civil Lawsuit** against the Company, under which were disputed the working conditions in the plant at Osasco, the activities of which ceased in 1993. In this lawsuit, there are several distinct pleas, among which is a demand for the Company to make a compensation payment of R\$ 1 billion for collective pain and suffering. In parallel to this, **on October 4th, 2013, the Brazilian Asbestos Exposure Victims Association – ABREA, also filed a Public Interest Civil Lawsuit with assignment of the case to the same judge**, as it deals with facts related to the plant at Osasco, with these cases being ruled on together. None of the 8 pleas for court protection filed by ABREA were accepted. Both defences will be presented in a timely manner.
- **The Company also wishes to clarify that in 2004 a Public Interest Civil Lawsuit was ruled on by the Public Ministry of the State of São Paulo, which covered the same facts as in the lawsuit cited above**, the request being denied for compensation for subsequent illness of former employees from the plant at Osasco, the activities of which ceased in 1993. **In September 2013, the ruling by the Supreme Justice Tribunal was ruled to be definitive, on the groundlessness of the Public Interest Civil Lawsuit proposed by the State Public Ministry.**

The Company wishes to emphasise its belief in Brazilian justice and hopes that the technical and scientific evidence will be considered in the ongoing judgement on this case, with a refusal to succumb to pressure groups in favour of the banning of chrysotile asbestos, based purely on the unsuccessful experience in Europe.

Recognitions – Human Resources



GUIA 2013
VOCÊS/
AS MELHORES
EMPRESAS PARA
VOCÊ TRABALHAR

Best Companies to Work for in 2013 – Eternit and SAMA, for the second and sixth time running, respectively, were elected by Guia 2013 published by the Magazine Você S/A, as being among the best companies to work for. SAMA, for the second time running, was ranked in first place in the mining sector.

ÉPOCA

GREAT
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TO
WORK®

Melhores
Empresas
para Trabalhar **2013**
Brasil



Best Companies to Work for – GPTW Brasil – SAMA was ranked in sixth place, in the category of medium and small-sized national companies, in research carried out by *Great Place to Work* in partnership with Época Magazine. This is the eighth time that SAMA has participated in these awards, being awarded a prize for the fifth year running.

Recognitions – Capital Markets and Products



Best Companies for Shareholders in 2013 – awarded by Capital Aberto Magazine, Eternit was ranked in third place in this category, which covers companies with assets of up to R\$ 2 billion. Among the evaluated items, Eternit received the maximum score in terms of Corporate Governance.



ANAMACO 2013 – Eternit received awards from the National Association of Construction Material Merchants (ANAMACO) in the category of “Master” in fiber-cement roofing tiles, and was ranked in second place in the category of customer reach/large clients for fiber-cement roofing tiles (without asbestos).

Information

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The Eternit logo is written in a red, stylized, serif font. The background of the slide is a faded architectural floor plan with various lines, circles, and rectangular shapes in light brown and grey tones.

Eternit

Eternit starts a new cycle

**Welcome
to the next
70 years!**