Eternit

São Paulo, November 14, 2018 – Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3) announces today the results for the third quarter of 2018 (3Q18). *Except where stated otherwise, the operating and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with the Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons in this press release are with the third quarter of 2017 (3Q17), except where stated otherwise.*

Eternit operates in line with market demand and posts 13.2% reduction in SG&A in 3Q18

3Q18

Listing Segment

Novo Mercado of B3

Share Price ETER3 (10/31/2018)

R$/share 3.09
US$/share 0.83

Shareholder Base (10/31/2018)

Shares issued 29,833,333
Free Float 99.16%

Market Cap (10/31/2018)

R$ 92.2 million
US$ 24.8 million

Indicators - (Sep/18)

EPS (R$/share) 2.73
Price/EPS 1.10

Conference Call/Webcast

November 22, 2018, Thursday

Time: 11:00 a.m. (Brasília), 8:00 a.m. (New York) and 1:00 p.m. (London)

Dial-in:
From Brazil
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Password: **Eternit**

Webcast: www.eternit.com.br/ri or http://choruscall.com.br/eternit/3q18.htm

Talk to IR

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Highlights

- Economy continues to recover: decline in industrial activity, cutbacks in investments and slowdown in household consumption.
- In view of the economic scenario, the Company operated in line with market demand in its operating segments.
- Despite the drop in fiber-cement and concrete roofing panel sales in the periods under analysis, a recovery in demand compared to 1Q18 and 2Q18 is already noticeable.
- Healthy performance of chrysotile exports driven by foreign exchange variation.
- Decline of 16.5% in net operating revenue, mainly reflecting the lower sales volume in the domestic market, partially offset by chrysotile exports and stronger US dollar.
- Due to the above factors, adjusted EBITDA came to negative R$15.8 million and adjusted net loss was R$39.5 million in 3Q18.
- As from October 29, 2018, the shares of the Company are traded in lots, in the ratio of 6 to 1.
- Regarding the court-supervised reorganization, the General Meeting of Creditors will be held on November 27, 2018, on second call, to approve the plan.

Main Indicators

Consolidated - R$ `000	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Net revenues	**141,681**	**169,618**	**(16.5)**	**118,115**	**20.0**	**389,023**	**500,976**	**(22.3)**
Adjusted Gross margin	*14%*	*29%*	*- 15 p.p.*	*16%*	*- 2 p.p.*	*20%*	*30%*	*- 10 p.p.*
Operating loss/income (EBIT) [1]	(29,363)	(16,433)	78.7	(28,684)	2.4	(62,881)	(35,567)	76.8
Net loss for the period	**(43,107)**	**(20,599)**	**109.3**	**(34,776)**	**24.0**	**(89,021)**	**(46,645)**	**90.8**
Adjusted Net loss for the period	**(39,521)**	**(10,700)**	**269.3**	**(32,904)**	**20.1**	**(82,383)**	**(24,052)**	**242.5**
Adjusted Net margin	*-28%*	*-6%*	*- 22 p.p.*	*-28%*	*-*	*-21%*	*-5%*	*- 16 p.p.*
Earnings (loss) per share - R$	(0.2409)	(0.1151)		(0.1943)		(0.4975)	(0.2607)	
CAPEX	1,609	1,129	42.5	1,625	(1.0)	4,973	3,597	38.3
EBITDA [2]	**(25,360)**	**(7,855)**	**222.9**	**(26,570)**	**(4.6)**	**(53,597)**	**(8,406)**	**537.6**
Adjusted EBITDA	**(15,844)**	**13,057**	**-**	**(19,279)**	**(17.8)**	**(30,730)**	**44,019**	**-**
Adjusted EBITDA Margin	*-11%*	*8%*	*- 19 p.p.*	*-16%*	*5 p.p.*	*-8%*	*9%*	*- 17 p.p.*

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

Economy and Market

According to Brazil's Monetary Policy Committee (Copom)[1], the economy continues to recover. On the supply side, the highlights were the sharper decline in industrial activity, reflected in from low capacity utilization and in the level of unemployment; and, on the demand side, the impacts of cutbacks in investments and the slowdown in household consumption were the highlights, in line with the decline in consumer and business confidence indices.

Regarding construction, Copom emphasized that fiscal restrictions and still high inventories of new properties continue to limit the consistent recovery of this segment.

In line with these scenarios, the forecasts for GDP and construction GDP were revised downward: 1.4%[2] and -1.0%[3], respectively, resulting in a more gradual pace than was expected at the start of the year.

The ABRAMAT[4] index reported 1.2% year-to-date growth in sales of construction materials compared to the same period in 2017. Maintaining the growth recovery trend in the sector, ABRAMAT estimates growth of 1.5% in 2018.

Despite the improved performance by the sector mentioned above, construction material retail declined in September compared to August, according to ANAMACO[5], due to the approaching October elections combined with high unemployment and slow economic growth, as people began to plan spending more carefully until the direction of the economy is better defined, in addition to the effects on the sector caused by the new freight pricing table implemented by the National Road Transportation Agency (ANTT), resulting in hikes in freight rates.

Management Comments

As demonstrated in previous periods, the Company sought to maintain the level of operations in line with market demand in all its operating segments.

The main factors impacting performance this quarter were the transition from asbestos to synthetic fibers for producing fiber-cement roofing panels and economic factors, discussed above, which affected demand for the Company's products and negatively affected operations. The weak performance compared to 3Q17 was, partially, offset by chrysotile exports and the appreciation of the US dollar against the Brazilian real.

Efforts remain focused on recovering operating margin, on continuously reducing operating costs and expenses, and on adequate pricing of products in order to increase profitability in line with the reorganization plan.

With regard to the legal aspects of chrysotile asbestos, the production chain has been employing the necessary efforts at the Supreme Court so that a minimum period is granted for it to be able to comply with the legal requirement of the mine closure plan, which would occur normally after its depletion.

As part of the court-supervised reorganization, the General Meeting of Creditors ("GMC") of the Eternit Group will be held, on second call, on November 27, 2018, to approve the plan. The GMC will be held with the presence of any number of creditors. The court-supervised reorganization is a preventive measure to protect the Company's operations and ensure the continuance of its restructuring process and perpetuity of its activities. It was one way of acting in advance of a possible situation in which the financial obligations of the Company could not be fulfilled, making its operations unviable.

Eternit will continue all its operations in an organized manner and with predefined deadlines and procedures, coordinating with all parties involved in the restructuring process. These actions are aimed at protecting the Company's corporate interests, preserve its employees and ensure the same commercial conditions with its clients and suppliers, with minimum impact on its daily operations.

[1] Copom: Monetary Policy Committee of the Central Bank of Brazil
[2] BACEN: FOCUS market readout issued by the Central Bank of Brazil
[3] BACEN: September 2018 Inflation Report
[4] ABRAMAT: Brazilian Construction Materials Industry Association
[5] ANAMACO: National Association of Construction Material Dealers

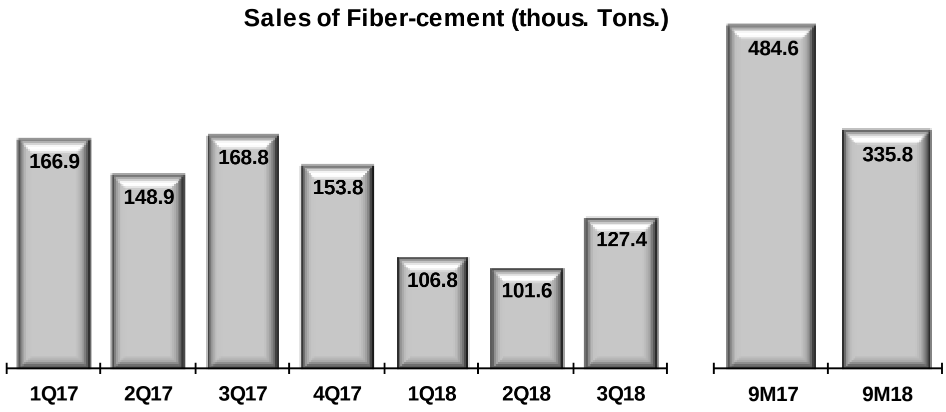
Operational and Financial Aspects

Sales

Fiber-cement roofing panels

Fiber-cement sales totaled 127,400 tons in 3Q18, declining 24.6% from the same period last year. Performance was marked by lower availability of products due to the transition from asbestos to synthetic fiber, changes to the freight pricing table and to economic factors that still directly affect this segment.

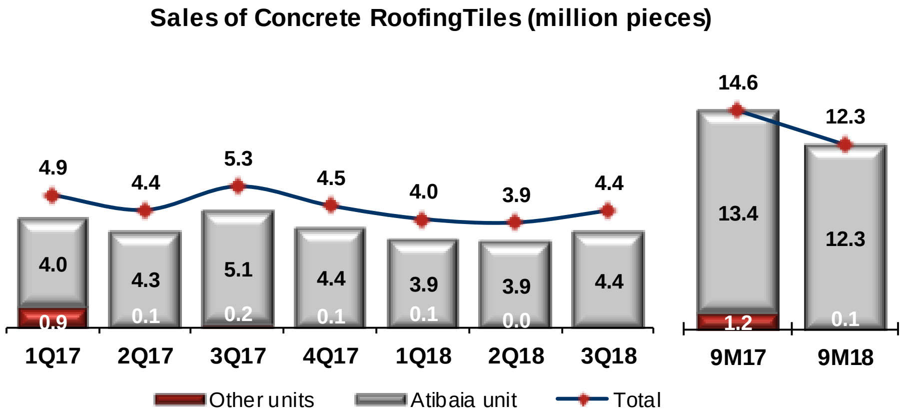
In the first nine months of 2018, sales volume decreased 30.7%, due to the factors mentioned above. Eternit is focusing its efforts on improving production efficiency and, consequently, the availability of products for sale. An improvement can already be observed in this quarter compared to 1Q18 and 2Q18, as well as evolution in production indicators.



Concrete Roofing Tiles

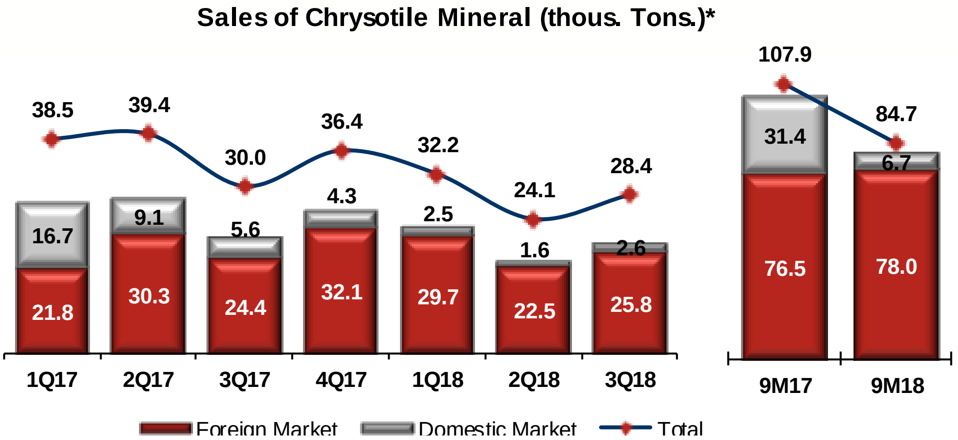
Sales volume in 3Q18 fell 17.3% compared to 3Q17, due to the lower share of the B2B channel in the Federal Government's My Home My Life ("MHML") Program, in addition to the aforementioned economic factors. In 9M18, sales totaled 12.3 million tiles, down 15.6% from 9M17, affected by the truck drivers' strike and the other factors already described.

The Company expects sales volume to improve through the B2C channel in the medium term as a result of the restructuring of the "Architects Club" program, as well as the resumption of MHML projects through construction companies.



Chrysotile

In 3Q18, chrysotile mineral sales volume was 28,400 tons, a 5.3% decline from 3Q17, impacted by the lower utilization of chrysotile fiber in the production of roofing panels in the domestic market. Exports increased 6.1%, driven by the targeted commercial initiatives. Sales in 9M18 totaled 84,700 tons, down 21.5% from 9M17.

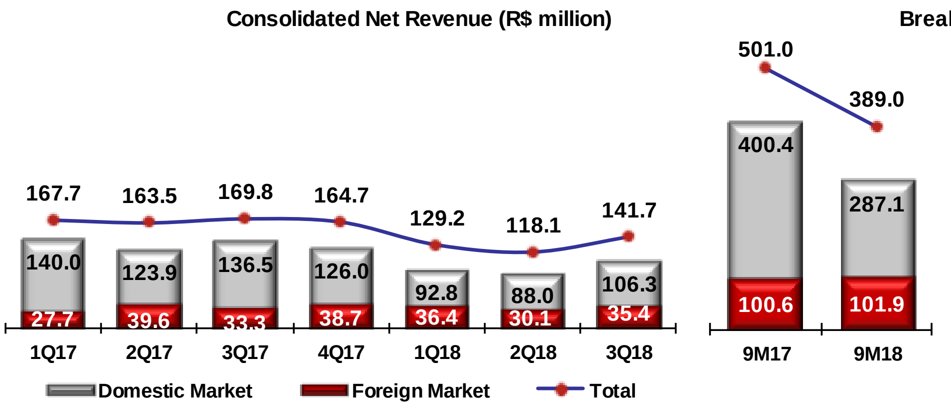


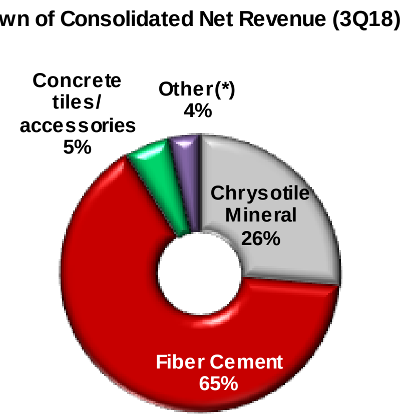
(*) Includes intercompany sales, which accounted for 52.8% of domestic sales volume in 3Q18.

Net Operating Revenue

Net revenue amounted to R$141.7 million in the quarter, down 16.5% from 3Q17. Sales volume in the domestic market fell by 22.1%, neutralizing the effects from the price repositioning initiatives for fiber-cement tiles and asbestos. Export revenues rose 6.3% from 3Q17, reflecting the higher sales volume and the 24.9% appreciation of the US dollar against the Brazilian real (comparison of average PTAX in 3Q18 vs. 3Q17), partially offset by the price decrease in US dollar terms.

In 9M18, net revenue fell 22.3% in relation to 9M17. Exports totaled R$101.9 million, up 1.2% from 2017, while the domestic market amounted to R$287.1 million, down 28.3%.





(*) Other: sanitary metals, polyethylene water boxes and building solutions, among others.

Cost of Goods, Products and Services Sold

Adjusted costs of goods, products and services sold totaled R$122.2 million in 3Q18, virtually stable compared to 3Q17.

In 9M18, such adjusted costs amounted to R$312.5 million, down 10.8% from 9M17. Said cost reduction stems from a combination of factors such as lower sales volume, changes in the manufacturing process of fiber-cement roofing panels, adjustment of industrial capacity in line with market demand (idleness of plants that operated only partially) and inflationary pressures on costs. Consequently, adjusted gross margin declined 10 p.p. to end the period at 20%.

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R$ ´000	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Cost of goods sold	(122,207)	(129,575)	(5.7)	(99,347)	23.0	(314,041)	(366,080)	(14.2)
Non-recurring events								
Breaking of products from new technologies*	-	5,072	(100.0)	262	(100.0)	521	6,513	(92.0)
Expenses with unexpected halts**	-	3,742	-	-	-	-	9,076	(100.0)
Manufacturing inefficiencies	-	-	-	-	-	979	-	-
Adjusted cost of goods sold	**(122,207)**	**(120,761)**	**1.2**	**(99,085)**	**23.3**	**(312,541)**	**(350,491)**	**(10.8)**
Adjusted gross margin	*14%*	*29%*	*- 15 p.p.*	*16%*	*- 2 p.p.*	*20%*	*30%*	*- 10 p.p.*

* Due to the decrease in the production process resulting from the increase of the migration in the productive units in the participation of the synthetic fiber.

** Includes the depreciation value of a non-scheduled maintenance shutdown.

Operating expenses

Despite the higher provisions for labor claims, the Company reduced adjusted operating expenses by 11.0% in 3Q18, thanks to a program to reduce SG&A combined with a decline in commissions and variable selling expenses.

In R$ '000	3Q18	3Q17	Chg. %	2Q18	Chg. %	9M18	9M17	Chg. %
Selling expenses	(17,434)	(19,324)	(9.8)	(17,517)	(0.5)	(51,888)	(59,732)	(13.1)
General and administrative expenses*	(21,577)	(25,075)	(14.0)	(20,183)	6.9	(61,429)	(78,030)	(21.3)
Other operating revenues (expenses), net	(4,853)	(6,163)	(21.3)	(5,522)	(12.1)	(10,521)	(11,957)	(12.0)
Total operating expenses	**(43,864)**	**(50,562)**	**(13.2)**	**(43,222)**	**1.5**	**(123,838)**	**(149,719)**	**(17.3)**
Non-recurring event								
Restructuring	890	7,385	-	0	-	1,441	18,643	-92.3
Expenses related to the judicial recovery process**	4,543	-	-	2,574	76	7,117	-	-
Total adjusted operating expenses	**(38,431)**	**(43,177)**	**(11.0)**	**(40,648)**	**(5.5)**	**(115,280)**	**(131,076)**	**(12.1)**

* Includes Management Compensation.

** It includes the amounts of legal advice and expenses related to the judicial recovery process

Adjusted operating expenses in 9M18 totaled R$115.3 million, down 12.1% from the same period in 2017, reflecting lower sales, the adjustment of the sales and administrative structure, lower expenses with labor and civil claims, despite the impact of a bigger provision for tax and labor contingencies.

Equity Pickup

Equity pickup refers to gain or loss from the bathroom chinaware plant in the state of Ceará. On April 27, 2018, the Eternit Group formalized the acquisition of the entire interest in Companhia Sulamericana de Cerâmica S.A. – under Court-Supervised Reorganization (“CSC”), in accordance with the Share Purchase Agreement (“Agreement”).

Despite fully acquiring CSC, the Eternit Group will consolidate 100% of CSC only after approval is given to the court-supervised reorganization plan at a General Meeting of Creditors, since the payment conditions of this operation are governed by a covenant.

In 3Q18, equity pickup was a negative R$4.1 million, as against a negative R$5.9 million in the same year-ago period. CSC posted better industrial performance, marked by continuous gain in productivity and the acquisition of new clients. However, sales are still stifled by the current economic situation in Brazil, which weighs on clients and drives them to consume products with lower value added. The improvement can also be seen in the 9M18 amount, which was a negative R$12.8 million, as against a negative R$20.7 million in 9M17.

CSC has been gradually expanding its market share in the bathroom chinaware segment, redesigning its product portfolio targeted at the medium and medium-luxury segments to tap new clients in the Northern and Northeastern regions.

Net Financial Result

Net financial result in 3Q18 was an expense of R$9.5 million, up 140.3% from 3Q17, mainly due to higher financial charges due to the renegotiation of federal and state taxes stemming from the court-supervised reorganization process.

In R$ '000	3Q18	3Q17	Chg. %	2Q18	Chg. %	9M18	9M17	Chg. %
Financial expenses	(16,502)	(10,726)	53.9	(15,388)	7.2	(44,170)	(31,038)	42.3
Financial income	7,024	6,782	3.6	11,700	(40.0)	26,432	18,132	45.8
Net financial result	**(9,478)**	**(3,944)**	**140.3**	**(3,688)**	**157.0**	**(17,738)**	**(12,906)**	**37.4**

In 9M18, the net financial result was 37.4% higher compared to 2017, as discussed above, and also due to the net effect of exchange variation on the Company's foreign currency operations.

Eternit

EBITDA

In 3Q18, adjusted EBITDA stood at a negative R$15.8 million as a result of low industrial capacity utilization and a drop in sales. As a result, adjusted EBITDA margin fell by 19 p.p. from 3Q17 to end the quarter at -11%. However, note that it increased by 5 p.p. from 2Q18.

In order to minimize the negative effects on EBITDA, the Company maintains the process of reducing SG&A expenses to adjust its structure to the new scenario, which resulted in an 11.0% reduction in adjusted operating expenses in 3Q18 vs. 3Q17.

Adjusted EBITDA in 9M18 totaled a negative R$30.7 million, with a -8% margin.

Reconciliation of consolidated EBITDA - (R$'000)	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Net loss	**(43,107)**	**(20,599)**	**109.3**	**(34,776)**	**24.0**	**(89,021)**	**(46,645)**	**90.8**
Income tax and social contributions	4,266	222	1,821.6	2,404	77.5	8,402	(1,828)	-
Net financial Income	9,478	3,944	140.3	3,688	157.0	17,738	12,906	37.4
Depreciation and amortization	4,003	8,578	(53.3)	2,114	89.4	9,284	27,161	(65.8)
EBITDA[1]	**(25,360)**	**(7,855)**	**222.9**	**(26,570)**	**(4.6)**	**(53,597)**	**(8,406)**	**537.6**
Equity pickup	4,083	5,914	(31.0)	4,455	(8.4)	12,809	20,744	(38.3)
Non-recurring events								
Restructuring	890	7,385	(87.9)	-	-	1,441	18,643	(92.3)
Expenses related to the judicial recovery pr	4,543	-	-	2,574	76.5	7,117	-	-
Breaking of products in the production process*	-	5,072	(100.0)	262	(100.0)	521	6,513	(92.0)
Expenses with unexpected halts**	-	2,541	(100.0)	-	-	-	6,525	(100.0)
Manufacturing inefficiencies***	-	-	-	-	-	979	-	-
Recurring and Adjusted EBITDA[2]	**(15,844)**	**13,057**	**-**	**(19,279)**	**(17.8)**	**(30,730)**	**44,019**	**-**
Adjusted EBITDA Margin	*-11%*	*8%*	*- 19 p.p.*	*-16%*	*5 p.p.*	*-8%*	*9%*	*- 17 p.p.*

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

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

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

[1] Consolidated EBITDA includes the results from the joint venture Companhia Sulamericana de Cerâmica (CSC), 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).

[2] 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, due to the fact that CSC is a joint venture and its information is not consolidated, as well as non-recurring events.

Net Loss

In the period, Eternit posted adjusted net loss of R$39.5 million, due to the factors commented in the EBITDA section, despite the improvement in equity pickup. Adjusted net margin declined by 22 percentage points to end the period at -28%.

In 9M18, adjusted net loss amounted to R$82.4 million, with adjusted net margin of -21%, compared to loss of R$24.1 million and -5% in 9M17, respectively.

Consolidated Net loss for the year	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Net loss	**(43,107)**	**(20,599)**	**109.3**	**(34,776)**	**24.0**	**(89,021)**	**(46,645)**	**90.8**
Non-recurring events								
Restructuring	890	7,385	(87.9)	-	-	1,441	18,643	(92.3)
Expenses related to the judicial recovery process	4,543	-	-	2,574	76.5	7,117	-	-
Breaking of products from new	-	5,072	(100.0)	262	(100.0)	521	6,513	(92.0)
Expenses with unexpected halts	-	2,541	(100.0)	-	-	-	9,076	(100.0)
Manufacturing inefficiencies***	-	-	-	-	-	979	-	-
Effect of Income and social contributions taxes*	(1,847)	(5,099)	(63.8)	(964)	91.6	(3,420)	(11,639)	(70.6)
Adjusted Net loss for the period	**(39,521)**	**(10,700)**	**269.3**	**(32,904)**	**20.1**	**(82,383)**	**(24,052)**	**242.5**
Adjusted Net margin	*-28%*	*-6%*	*- 22 p.p.*	*-28%*	*-*	*-21%*	*-5%*	*- 16 p.p.*

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

Indebtedness

The Company ended 3Q18 with gross debt of R$120.7 million, up 23.8% from December 2017. Of this amount, R$41.2 million refer to new debt contracted after the request for Court-Supervised Reorganization to finance the operations of the Eternit Group, the installment totaling R$79.5 million will be amortized as per the conditions set forth in the court-supervised reorganization plan. On September 30, 2018, Eternit's cash equivalents stood at R$23.6 million, compared to R$28.8 million in December 2017. The decrease in cash equivalents is linked to the change in the financial cycle.

DEBT - R$ ´000	09/30/18	12/31/17	% Chg.	06/30/18	% Chg.
Short- term gross debt	88,557	58,888	50.4%	69,336	27.7%
Long-term gross debt	32,101	38,570	-16.8%	32,100	-
Total gross debt	**120,658**	**97,458**	**23.8%**	**101,436**	**18.9%**
Cash and cash equivalents	(23,551)	(6,957)	238.5%	(8,699)	170.7%
Short-term investments (same cash equivalents)	-	(21,805)	-100.0%	-	-
Cash and short-term investments	**(23,551)**	**(28,762)**	**-18.1%**	**(8,699)**	**170.7%**
Net debt	**97,107**	**68,696**	**41.4%**	**92,737**	**4.7%**
Recurring and adjusted EBITDA (last 12 months)	(33,722)	43,656	-177.2%	(2,202)	1431.2%
Net debt / Recurring and adjusted EBITDA x	**(2.88)**	**1.57**	**-**	**(42.11)**	**-**
Net debt / Equity	**14.3%**	**40.3%**	**-**	**77.9%**	**-**

On September 30, 2018, 30.5% of the debt was denominated in foreign currency and 69.5% in domestic currency. In 3Q18, 100% of the foreign currency debt was naturally hedged by accounts receivable on chrysotile exports.

Capex

Capex of Eternit and its subsidiaries in 3Q18 amounted to R$1.6 million, and in 9M18 to R$5.0 million, up 42.5% and 38.3%, respectively, compared to the same periods in 2017, with the funds allocated for the maintenance and modernization of the Group's industrial facilities.

Capital Markets

Eternit has been a listed company since 1948 and since 2006 its stock has been traded on the Novo Mercado, the highest corporate governance segment of the São Paulo Stock Exchange (B3) 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 78.2% of the shareholder base on September 30, 2018, while legal entities, clubs, investment funds and foundations accounted for 21.3% and foreign investors and legal entities accounted for 0.5%. On that same date, only four shareholders held more than 5% interest, totaling approximately 41.7% of the capital stock, and Eternit stock was quoted at R$0.50 while the Company's market capitalization was R$89.5 million. Visit the Company's IR site for more information.

Shareholder Remuneration

The Bylaws of Eternit establish a minimum mandatory dividend of 25% on the year's net income after deductions required by law and the Bylaws. In view of the results registered in 3Q18, there was no distribution of earnings in the period. Note that the Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made in accordance with the provisions set forth in the court-supervised reorganization plan.

Legal issues involving chrysotile mineral

The use of chrysotile asbestos in Brazil is regulated by Federal Law 9,055/95, Decree 2,350/97 and regulations of the Ministry of Labor and Employment. It is also envisaged in Convention 162 of the International Labour Organization (ILO).

On December 21, 2017, Eternit informed the market that the effects of the decision of the Federal Supreme Court ("STF") on November 29, 2017, regarding the effectiveness *erga omnes* of the declaration of unconstitutionality of article 2 of Federal Law 9,055/95 were suspended. Until the filing of any motion for clarification, the declaration of unconstitutionality will apply only to the states that prohibit or ban the use of asbestos as a raw material. In view of the permission for other states, the Company resumed operations at SAMA (mining company) and Precon Goiás (manufacturer of fiber-cement roofing panels) until the appellate decision is published and the period to file motions for clarification, in accordance with the court order.

The production chain has been employing the necessary efforts at the Supreme Court so that a minimum period is granted for it to be able to comply with the legal requirement of the mine closure plan, which would occur normally after its depletion.

Until the disclosure of the 3Q18 results, the decision of the Supreme Federal Court, in the case records of ADI 3406 which ruled on the use of asbestos in Brazil in November 2017, had not been published and hence the operations of SAMA and Precon Goiás continue normally.

Reverse Stock Split

On April 30, 2018, the Company received an Official Letter from the Superintendent of Company Oversight and Equity Offerings of B3 – Brasil Bolsa Balcão S/A ("B3"), informing that between March 16, 2018 and April 27, 2018, the shares of the Company were quoted at below one real (R$1.00), which represents a breach of the Listing Regulation for Issuers and Admission for Trading of Securities ("Regulation") and of items 5.1.2 (vi) and 5.2 of the B3 Issuer Manual ("Manual").

In light of this fact and in compliance with the B3 requirements, the Company held on September 27, 2018, an Extraordinary Shareholders Meeting ("ESM") that approved the reverse stock split of all the 179,000,000 book-entry common shares issued by the Company, all registered and without par value, at the ratio of six (6) common shares to one (1) common share, without any change to the capital stock, pursuant to article 12 of Federal Law 6,404/76.

The shareholding position to be considered for the reverse stock split of common shares issued by the Company was that of October 26, 2018. As from October 29, 2018, shares are traded with no right to reverse split. In case of share fractions, the same will be grouped into whole lots and auctioned at B3. Through the broker Planner Corretora, the Company will hold an auction at B3 to sell such share fractions.

The proceeds of the sale will be apportioned among the holders of share fractions, and Banco Itaú Unibanco S.A. (stock transfer agent) will do one of the following: I. credited – for known shareholders; or II. make the amount available – for unknown shareholders.

The purpose of the reverse stock split was to comply with B3 requirements. The Company will keep its shareholders and the market informed of any developments related to the reverse stock split, in accordance with the rules and timeframes established by applicable laws.

Election of Financial, Administrative and Human Resources Officer

At the Board of Directors meeting held on October 22, 2018, Vitor Manuel Cavalcanti Mallmann was elected the Financial Administrative and Human Resources Officer of the Eternit Group.

As of that date, Rodrigo Lopes da Luz, who served as Financial and Administrative Officer, will exclusively exercise the role of Investor Relations Officer of the Company.

Vitor Mallmann has bachelor's and master's degrees in chemical engineering from UFRJ, as well as an Executive and Finance MBA. He has also completed a specialization course in Economic Engineering and Industrial Administration, as well as the formal program for Directors at the Brazilian Corporate Governance Institute (IBGC). His vast experience includes serving as the CEO of Quattor and Vice President of UNIPAR, as well as at Petroquisa and Grupo Ultra.

Subsequent events

General Meeting of Creditors

According to the Material Fact notice published on October 19, 2018, a call notice was sent on that date for a General Meeting of Creditors (“GMC”), on first call, on November 8, 2018. Due to lack of quorum, the GMC, on second call, will be held on November 27, 2018. The purpose of the GMC is to present the Eternit Group's Court-Supervised Reorganization Plan to the creditors for their approval, rejection or modification.

See more information on the court-supervised reorganization plan on the Company’s IR website (www.eternit.com.br/ri).

Tax deficiency notice for failure to comply with ancillary obligation on exports of the subsidiary SAMA

The subsidiary SAMA was served a tax deficiency notice on October 2, 2018, for failure to comply with the ancillary obligations regarding the registration of export data in the Export Control System (SISEXP) between August 2017 and March 2018, resulting in a fine of R$13,438 thousand. The Company filed a tax appeal at the administrative level on November 1, 2018, since there was no loss to the tax authorities. In the opinion of the lawyers, this contingency is classified as likelihood of possible loss.

ETERNIT S.A. – under Court-Supervised Reorganization

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	09/30/18	12/31/17	09/30/18	12/31/17
Current	**186,754**	**152,518**	**283,326**	**297,457**
Cash and cash equivalents	15,811	4,922	23,551	6,957
Short-term investments	-	2,838	-	21,805
Accounts receivable	50,470	57,493	116,232	141,897
Inventories	71,842	59,786	97,935	99,001
Taxes recoverable	2,864	7,293	10,110	12,637
Related parties	37,173	17,754	1,360	-
Other current assets	7,798	1,636	26,832	7,854
Noncurrent assets held for sale	796	796	7,306	7,306
Non-current	**295,004**	**227,960**	**325,911**	**266,165**
Judicial deposits	7,670	8,333	15,834	16,606
Taxes recoverable	24,732	24,578	40,666	34,846
Deferred income and social contribution taxes	27,666	27,666	43,983	45,525
Related parties	13,854	10,039	12,676	9,202
Other noncurrent assets	767	751	1,632	1,617
Investments	179,242	118,027	57,187	-
Property, Plant and Equipment (PP&E)	40,046	36,965	152,189	155,617
Intangible assets	1,027	1,601	1,744	2,752
Total assets	**481,758**	**380,478**	**609,237**	**563,622**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	09/30/18	12/31/17	09/30/18	12/31/17
Current liabilities	**183,108**	**68,115**	**228,963**	**148,779**
Trade accounts payable	25,122	18,877	43,773	27,084
Loans and financing	49,975	2,385	88,557	58,888
Related parties	43,459	7,153	91	89
Personnel expenses	13,970	9,588	23,644	15,916
Dividends and interest on equity	46	189	46	189
Provision for post-employment benefits	2,926	2,926	4,870	4,870
Taxes, charges and contributions payable	15,763	8,258	22,215	12,036
Restructuring provision	307	307	345	2,103
Other current liabilities	31,540	18,432	45,422	27,604
Non-Current	**217,085**	**141,861**	**298,688**	**244,333**
Loans and financing	-	-	32,101	38,570
Related parties	59,042	31,245	-	-
Taxes, charges and contributions payable	15,812	1,764	23,038	3,153
Labor obligations	8,545	450	13,139	1,308
Provision for tax, civil and labor risks	66,826	55,095	117,363	103,346
Provision for post-employment benefits	39,627	38,883	65,154	63,960
Deferred income tax and social contributions	-	-	20,660	19,572
Provision for decommissioning of mine	27,233	14,424	27,233	14,424
Equity	**81,565**	**170,502**	**81,586**	**170,510**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,460	19,460	19,460	19,460
Treasury shares	(174)	(174)	(174)	(174)
Income reserves	69,168	69,084	69,168	69,084
Accumulated loss	(316,108)	(227,087)	(316,108)	(227,087)
Other comprehensive income	(25,032)	(25,032)	(25,032)	(25,032)
Equity attributable to controlling interests	**81,565**	**170,502**	**81,565**	**170,502**
Noncontrolling interests	-	-	21	8
Total liablities and equity	**481,758**	**380,478**	**609,237**	**563,622**

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

Income Statements

Corporate Law

R$ ´000	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Net operating revenue	**83,743**	**106,266**	**(21.2)**	**68,404**	**22.4**	**227,655**	**312,262**	**(27.1)**
Cost of goods sold	(85,285)	(90,906)	(6.2)	(70,411)	21.1	(216,548)	(260,632)	(16.9)
Gross profit	**(1,542)**	**15,360**	**-**	**(2,007)**	**(23.2)**	**11,107**	**51,630**	**(78.5)**
Gross margin	***-2%***	***14%***	***- 16 p.p.***	***-3%***	***1 p.p.***	***5%***	***17%***	***- 12 p.p.***
Operating income (expenses)[1]	**(24,749)**	**(22,127)**	**11.8**	**(32,047)**	**(22.8)**	**(77,931)**	**(75,808)**	**2.8**
Selling expenses	(9,040)	(9,570)	(5.5)	(9,917)	(8.8)	(26,483)	(30,764)	(13.9)
General and administrative exp	(11,150)	(10,294)	8.3	(13,033)	(14.4)	(36,186)	(34,258)	5.6
Other operating income (expense	(4,559)	(2,263)	101.5	(9,097)	(49.9)	(15,262)	(10,786)	41.5
Operating income (expenses) before equity pickup (EBIT)	**(26,291)**	**(6,767)**	**288.5**	**(34,054)**	**(22.8)**	**(66,824)**	**(24,178)**	**176.4**
EBIT margin	***-31%***	***-6%***	***- 25 p.p.***	***-50%***	***19 p.p.***	***-29%***	***-8%***	***- 21 p.p.***
Equity pickup	(6,984)	(10,180)	(31.4)	1,921	-	(7,032)	(20,060)	(64.9)
Provision for restructuring and desmobilization	(881)	-	-	225	-	(1,207)	-	-
Financial income (expenses), net	**(8,951)**	**(2,220)**	**303.2**	**(2,868)**	**212.1**	**(13,958)**	**(7,116)**	**96.1**
Financial expenses	(9,950)	(3,371)	195.2	(3,640)	173.4	(16,428)	(11,342)	44.8
Financial income	999	1,151	(13.2)	772	29.4	2,470	4,226	(41.6)
Loss before income and social contribution taxes	**(43,107)**	**(19,167)**	**124.9**	**(34,776)**	**24.0**	**(89,021)**	**(51,354)**	**73.3**
Deferred (loss) income and social contributions taxes	-	(1,432)	(100.0)	-	-	-	4,709	(100.0)
Net loss for the year	**(43,107)**	**(20,599)**	**109.3**	**(34,776)**	**24.0**	**(89,021)**	**(46,645)**	**90.8**
Net margin	***-51%***	***-19%***	***- 32 p.p.***	***-51%***	***-***	***-39%***	***-15%***	***- 24 p.p.***
EBITDA	**(34,156)**	**15,360**	**-**	**(30,892)**	**10.6**	**(73,228)**	**(33,312)**	**119.8**
EBITDA margin	***-41%***	***14%***	***- 55 p.p.***	***-45%***	***4 p.p.***	***-32%***	***-11%***	***- 21 p.p.***

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

Income Statements

Corporate Law

R$ ´000	3Q18	3Q17	% Chg.	2Q18	% Chg.	9M18	9M17	% Chg.
Net operating revenue	**141,681**	**169,618**	**(16.5)**	**118,115**	**20.0**	**389,023**	**500,976**	**(22.3)**
Cost of goods sold	(122,207)	(129,575)	(5.7)	(99,347)	23.0	(314,041)	(366,080)	(14.2)
Adjuested cost of goods sold	(122,207)	(120,761)	1.2	(99,085)	23.3	(312,541)	(350,491)	(10.8)
Gross profit	**19,474**	**40,043**	**(51.4)**	**18,768**	**3.8**	**74,982**	**134,896**	**(44.4)**
Adjusted gross profit	**19,474**	**48,857**	**(60.1)**	**19,030**	**2.3**	**76,482**	**150,485**	**(49.2)**
Gross margin	***14%***	***24%***	***- 10 p.p.***	***16%***	***- 2 p.p.***	***19%***	***27%***	***- 8 p.p.***
Adjusted gross margin	***14%***	***29%***	***- 15 p.p.***	***16%***	***- 2 p.p.***	***20%***	***30%***	***- 10 p.p.***
Operating income (expenses)[1]	**(43,864)**	**(50,562)**	**(13.2)**	**(43,222)**	**1.5**	**(123,838)**	**(149,719)**	**(17.3)**
Selling expenses	(17,434)	(19,324)	(9.8)	(17,517)	(0.5)	(51,888)	(59,732)	(13.1)
General and administrative exp	(21,577)	(25,075)	(14.0)	(20,183)	6.9	(61,429)	(78,030)	(21.3)
Other operating income (expenses), net	(4,853)	(6,163)	(21.3)	(5,522)	(12.1)	(10,521)	(11,957)	(12.0)
Operating income (expenses) before equity pickup (EBIT)	**(24,390)**	**(10,519)**	**131.9**	**(24,454)**	**(0.3)**	**(48,856)**	**(14,823)**	**229.6**
EBIT margin	***-17%***	***-6%***	***- 11 p.p.***	***-21%***	***4 p.p.***	***-13%***	***-3%***	***- 10 p.p.***
Equity pickup	(4,083)	(5,914)	(31.0)	(4,455)	(8.4)	(12,809)	(20,744)	(38.3)
Provision for restructuring and desmobilization	(890)	-	-	225	-	(1,216)	-	-
Operating income (expenses) before financial expenses (EBIT*)	***(29,363)***	***(16,433)***	**78.7**	***(28,684)***	**2.4**	***(62,881)***	***(35,567)***	**76.8**
Financial income (expenses), net	**(9,478)**	**(3,944)**	**140.3**	**(3,688)**	**157.0**	**(17,738)**	**(12,906)**	**37.4**
Financial expenses	(16,502)	(10,726)	53.9	(15,388)	7.2	(44,170)	(31,038)	42.3
Financial income	7,024	6,782	3.6	11,700	(40.0)	26,432	18,132	45.8
Loss before income and social contribution taxes	**(38,841)**	**(20,377)**	**90.6**	**(32,372)**	**20.0**	**(80,619)**	**(48,473)**	**66.3**
Current (loss) income and social contributions taxes	(4,517)	619	-	(1,147)	293.8	(6,860)	(3,697)	85.6
Deferred (loss) income and social contributions taxes	251	(841)	-	(1,257)	-	(1,542)	5,525	-
Net loss for the period	**(43,107)**	**(20,599)**	**109.3**	**(34,776)**	**24.0**	**(89,021)**	**(46,645)**	**90.8**
Adjusted Net loss for the period	**(39,521)**	**(10,700)**	**269.3**	**(32,904)**	**20.1**	**(82,383)**	**(24,052)**	**242.5**
Adjusted Net margin	***-28%***	***-6%***	***- 22 p.p.***	***-28%***	***-***	***-21%***	***-5%***	***- 16 p.p.***
Loss per share, basic and diluted	(0.2409)	(0.1151)		(0.1943)		(0.4975)	(0.2607)	
EBITDA	**(25,360)**	**(7,855)**	**222.9**	**(26,570)**	**(4.6)**	**(53,597)**	**(8,406)**	**537.6**
EBITDA margin	***-18%***	***-5%***	***- 13 p.p.***	***-22%***	***4 p.p.***	***-14%***	***-2%***	***- 12 p.p.***
Adjusted EBITDA	**(15,844)**	**13,057**	**-**	**(19,279)**	**(17.8)**	**(30,730)**	**44,019**	**-**
Adjusted EBITDA Margin	***-11%***	***8%***	***- 19 p.p.***	***-16%***	***5 p.p.***	***-8%***	***9%***	***- 17 p.p.***

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

[1] It does not include equity pickup , presented separately from total operating income (expenses)

[2] Includes Management Compensation.

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ETERNIT S.A. – under Court-Supervised Reorganization

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	09/30/18	09/30/17	09/30/18	09/30/17
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	**(89,021)**	**(51,354)**	**(80,619)**	**(48,473)**
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	7,032	20,060	12,809	20,744
Depreciation and amortization	2,007	10,926	9,284	27,161
Gain (loss) on disposal of property, plant and equipment and intangible assets	(716)	19	(712)	520
Write-off of judicial deposits	16	2,063	(12)	2,645
Allowance for doubtful accounts	1,658	1,253	2,151	2,121
Provision for impairment of net realizable value	3,341	294	4,662	(137)
Estimated impairment losses	-	-	-	(100)
Provision for tax, civil and labor risks	13,417	2,334	16,022	7,759
Provision for post-employment benefits	2,939	3,232	4,847	4,364
Provision for decommissioning of mine	-	-	1,088	1,028
Provision for restructuring	1,207	5,571	1,216	18,643
Provision for granting	(147)	-	(156)	-
Loss on disposal of investments	14	-	-	-
Financial charges, and monetary and exchange variations	2,554	1,993	12,297	3,244
Short-term investment yield	(31)	(201)	(343)	(715)
Net changes in prepaid expenses	4,713	2,519	6,986	4,252
	(51,017)	**(1,291)**	**(10,480)**	**43,056**
Decrease (increase) in operating assets:				
Accounts receivable	5,069	18,472	21,894	21,256
Related parties	(20,491)	(11,050)	(2,488)	(2,053)
Inventories	(7,669)	32,143	(3,596)	33,530
Taxes recoverable	4,538	5,507	(2,486)	3,932
Judicial deposits	(1,040)	728	(1,222)	(4,222)
Dividends and interest on equity received	-	13,195	-	-
Other assets	(10,875)	(2,619)	(25,961)	(5,095)
Increase (decrease) in operating liabilities				
Trade accounts payable	6,245	(1,805)	16,689	(4,576)
Related parties	28,578	(19,463)	2	-
Taxes, charges and contributions payable	21,079	(4,295)	26,202	(7,026)
Personnel expenses	12,477	716	19,559	(968)
Payment of contingencies	-	(1)	-	(1)
Post-employment benefits	(2,195)	(2,388)	(3,653)	(3,836)
Restructuring expenses	(1,207)	(4,659)	(2,974)	(16,173)
Other liabilities	619	(157)	5,577	892
Cash provided by operating activities	**(15,889)**	**23,033**	**37,063**	**58,716**
Interest paid	(371)	(549)	(1,756)	(6,090)
Income and social contribution taxes paid	-	-	(3,613)	(8,147)
Net cash provided by operating activities	**(16,260)**	**22,484**	**31,694**	**44,479**
Cash flow from investing activities				
Intercompanies loans	(2,311)	8,953	(2,010)	10,753
Amount received on disposal of PP&E items	801	48	836	456
Additions to PP&E and intangible assets	(4,600)	(2,981)	(4,973)	(3,597)
Additions to investments	(14,329)	(10,660)	(14,329)	(10,659)
Short-term investments	(6,300)	(68,900)	(58,220)	(114,749)
Redemption of short-term investments	9,174	63,871	80,401	97,102
Net cash used in investing activities	**(17,565)**	**(9,669)**	**1,705**	**(20,694)**
Cash flows from financing activities				
Loans and financing raised	17,791	-	107,432	94,390
Repayment of loans and financing	(840)	(8,888)	(124,237)	(117,667)
Intercompanies loans	50,500	-	-	-
Repayment of intercompanies loans	(22,737)	(4,005)	-	-
Net cash used in financing activities	**44,714**	**(12,893)**	**(16,805)**	**(23,277)**
Increase (Decrease) in cash and cash equivalents	**10,889**	**(78)**	**16,594**	**508**
At beginning of period	4,922	3,365	6,957	5,143
At end of period	15,811	3,287	23,551	5,651
Decrease (Increase) in cash and cash equivalents	**10,889**	**(78)**	**16,594**	**508**