



São Paulo, May 28, 2020 –Eternit S.A. – under Court-Supervised Reorganization (B3: ETER3, “Company”) announces today the results for the first quarter of 2020 (1Q20). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with the Brazilian Corporations Law and International Financial Reporting Standards (IFRS). All comparisons in this press release are with the 1st quarter of 2019 (1Q19), except where stated otherwise.

Eternit focuses on its core business to overcome the COVID-19 pandemic period

1Q20

Listing Segment

Novo Mercado of B3

Share Price ETER3 (04/30/2020)

R\$/share 2.80 (US\$/share 0.52)

Shareholders Base (04/30/2020)

Shares issued 31,773,929
Free Float 99.1 %

Market Cap (04/30/2020)

R\$89.0 million (US\$16.4 million)

Indicators - (Mar/20)

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

Conference Call/Webcast

May 29, 2020. Time: 3:00 p.m. (Brasília)

Dial-in:

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

Password: Eternit

Webcast:

www.eternit.com.br/ri or

<http://choruscall.com.br/eternit/1t20.htm>

Talk to IR

ri@eternit.com.br

Highlights

- **Positive adjusted EBITDA** of R\$240 thousand in the quarter, compared to negative adjusted EBITDA of R\$7.8 million in 1Q19 and negative R\$ 2.4 million in 4Q19.
- **COVID-19: launch of emergency plan for operations** by applying the Federal Government’s Provisional Presidential Decrees, focusing on the business sustainability and job protection:
 - **Suspension of employment contracts** of a part of its staff directly related to production;
 - **A 25% reduction in wages and working hours** for all employees not directly involved in the industrial operation, including members of Management;
- **Suspension of industrial operations of CSC** due to the pandemic, which frustrated its efforts to continue its operations, decision that favored the strengthening of the Eternit Group’s financial capacity (Event Subsequent to the Reporting Period).
- **Call for capital increase** through the issue of shares for private subscription in the amount of **R\$46.8 million**, approved by the Board of Directors on April 28, for two investment programs: **Photovoltaic Project and Fiber-Cement Modernization Project** (Event Subsequent to the Reporting Period).

Main Indicators

Consolidated - R\$ `000	4Q19	4Q18	% Chg.	3Q19	% Chg.
Gross revenues	146,786	156,639	(6.3)	159,541	(8.0)
Net revenues	113,636	123,680	(8.1)	120,692	(5.8)
Gross profit	19,770	20,027	(1.3)	26,137	(24.4)
Adjusted Gross margin	17%	16%	1 p.p.	22%	- 5 p.p.
Operating loss/income (EBIT) ¹	(8,618)	(19,746)	(56.4)	30,788	-
Net income (loss) for the period	(14,856)	(25,464)	(41.7)	6,712	-
EBITDA Margin	-13%	-21%	8 p.p.	6%	- 19 p.p.
Adjusted Net income (loss) for the period	(11,577)	(20,297)	(43.0)	(17,525)	(33.9)
Adjusted Net margin	-10%	-16%	6 p.p.	-15%	5 p.p.
Earnings (loss) per share - R\$	(0.4677)	(0.8538)		0.2113	
EBITDA ²	(4,728)	(16,025)	(70.5)	34,367	-
EBITDA Margin	-4%	-13%	9 p.p.	28%	- 32 p.p.
Adjusted EBITDA	240	(7,797)	-	(2,356)	-
Adjusted EBITDA Margin	0%	-6%	6 p.p.	-2%	2 p.p.

¹ Before financial results.

² Operating income before interests, taxes, depreciation and amortization



Management Comments

1Q20 was marked by the start of social distancing measures due to the COVID-19 pandemic. On March 20, the Brazilian Government declared a state of public calamity, a measure followed by restrictions announced by state governments (Rio de Janeiro – Mar. 21; São Paulo – Mar. 22) and municipal governments (Belo Horizonte – Mar. 20).

As a result, the operational performance was notably affected in the second half of March, with the Fiber-Cement business, which reported sales growth up to February compared to the same period last year, closed the quarter with a slight drop in total sales (-1%).

Emergency program

Eternit established an emergency program for its operations by applying the Federal Government's Provisional Presidential Decrees (MP 927/2020 and MP 936/2020) in order to overcome the global crisis, with the focus on business sustainability and job protection and giving priority to the health, safety and wellbeing of its employees and the community. In this regard, the company focused its actions on three main lines:

- Health, Safety and Environment: constantly monitoring its staff and establishing protective measures at its units, such as home office, physical distancing, reinforcement of hygiene practices, etc.;
- Working Capital: adjustment of production level to the new scenario of demand, which resulted in granting early vacations in March for a part of the direct workforce at its units and, after the publication of MP 936, the suspension of employment contracts;
- Reduction of costs and expenses: a 25% cut in wages and working hours applied in May for all employees not directly involved in the industrial operation, including members of Management, among other contention measures.

Concentration on Core Business

In response to the scenario caused by the COVID-19 pandemic, Eternit announced two important measures in April:

- (i) Suspension of the industrial operations of its subsidiary Companhia Sulamericana de Cerâmica ("CSC"), since the negative results recorded in prior periods were worsened by the pandemic, making it impossible to maintain its efforts to continue its operations. Thus, the decision to suspend the unit favored the strengthening of the Company's financial capacity;
- (ii) due to the worsening global macroeconomic scenario on account of the new coronavirus and considering the importance of the investment program in recovering the company's profitability, the Board of Directors approved on April 28, 2020, a call for capital increase through the issue of shares for private subscription in the amount of R\$46.8 million, which will fund the strategic investment projects, as follows: Photovoltaic Roofing Tiles and the Fiber-Cement Modernization Program.

Exports

Eternit's consolidated results in 1Q20 were bolstered by exports of chrysotile asbestos based on Law 20,514 of July 16, 2019 of the State of Goiás, regulated by Decree 9,518 of September 24, 2019. As such, 1Q20 registered exports of chrysotile asbestos available in stock since the suspension of SAMA's operations in February 2019, and the product resulting from processing the ore extracted prior to the suspension, as disclosed in the Material Fact notice dated Feb. 11, 2020.

Photovoltaic roof tile

Eternit has been developing a pioneering project for the production of photovoltaic roof tiles and, to demonstrate its technology, is investing in a showcase unit at its Atibaia site, with the capacity to produce roof tiles that can generate 10.8 MWp/a of photovoltaic energy. To fund the investments planned for 2020, the Company plans to raise R\$5,800,000 for the construction of the plant, establishment of pilot projects for product application and R&D expenses, as per the call notice for capital increase disclosed by the Company on April 28, 2020.

The construction and installation of the electrical infrastructure of the unit at the Atibaia site were concluded in March and all the domestically sourced equipment was installed and we received the equipment in March, which should be installed in May when the unit's commissioning will begin. Despite the pandemic, the implementation of the project is absolutely on schedule, with production scheduled to start in July this year.



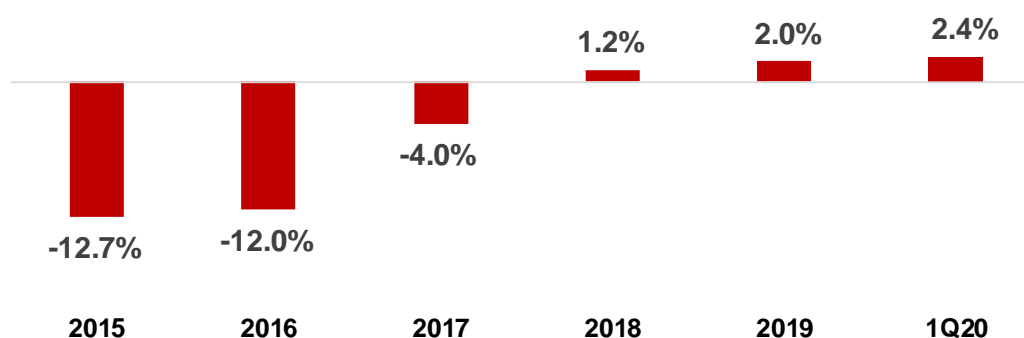
Economy and Market

In the midst of gradual economic recovery, the year 2020 started with a slight improvement in key consumer and industry confidence indices. However, with the onset of COVID-19 in mid-March, the temporary paralysis of economic activity and uncertainties regarding its recovery led to a scenario of extreme uncertainties, which made it difficult to measure the pandemic's impacts on both the Brazilian and global economies.

In Brazil, the Government's efforts to adopt compensatory measures, such as reducing interest rates to 3.0%¹ and monetary and fiscal stimuli, were aimed at preserving income and jobs, but their effects are still uncertain. The first quarter already shows signs of economic downturn across all sectors, which is reflected in the reduction of the annual GDP estimate of 5.89%² in 2020.

In this scenario, the Brazilian Construction Materials Industry Association (ABRAMAT) reported growth of 2.4%³ in the first quarter of the year in deflated sales of the construction materials industry compared to the same period last year, a result built during the period before the restrictive measures in response to the COVID-19 pandemic.

Construction material revenue, not adjusted for inflation



It is important mentioning that the Federal Decree 10,329 of April 28, 2020, categorized the construction material business under essential services during the COVID-19 pandemic, which enabled retailers to keep their stores open.

Operational and Financial Aspects

Sales

Fiber-cement

Roofing panels

The fiber-cement roofing panels business continued to report better operating performance during January/February, with sales growing 5% from the same period last year. However, sales were affected by the COVID-19 pandemic in March to close 1Q20 with a slight decrease of 1% in relation to 1Q19.

¹ COPOM: SELIC rate reduction – 05/06/2020

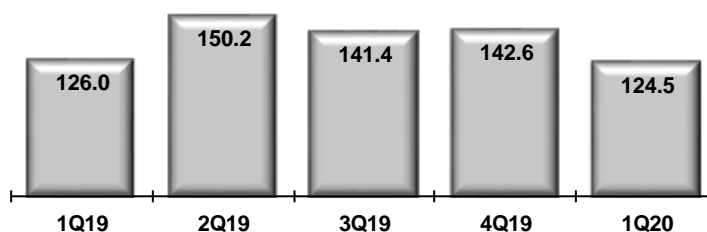
² BACEN: Focus Survey – 05/22/2020

³ ABRAMAT: Brazilian Construction Materials Industry Association – 04/27/2020

⁴ ANAMACO – National Association of Construction Material Dealers – 04/28/2020

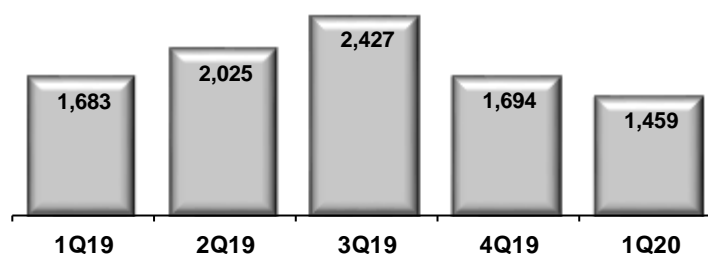


Sales of Fiber-cement (thous. Tons.)



The 1st quarter of 2020 was marked by a decrease in production at the Manaus plant, a 13% drop compared to 1Q19, in line with the decline in the production of fiber-cement and the adjustment of inventory levels.

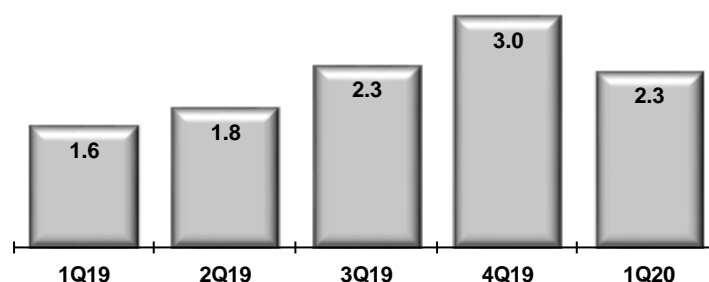
Polypropylene fibers production (Tons.)



Construction Systems

In 1Q20, despite the pandemic scenario in March, sales of construction systems (cement cladding panels and wall cladding panels) grew 49% from 1Q19, in line with the strategy to diversify its line of products.

Sales of Construction Systems (thous. Tons.)

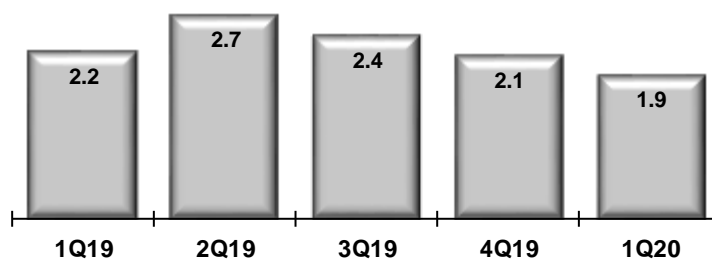


Concrete Roofing Tiles

Sales of concrete roofing tiles in 1Q20 fell 14% compared to 1Q19. As mentioned in the previous quarter, in light of this weak performance, the Company's commercial strategy was reviewed at the end of 2019 to focus on the Southeastern region, expanding the fragmentation and coverage of the areas served and to serve construction companies focused on the medium and high-end residential condominiums.

Eternit

Sales of Concrete Roofing Tiles (million pieces)

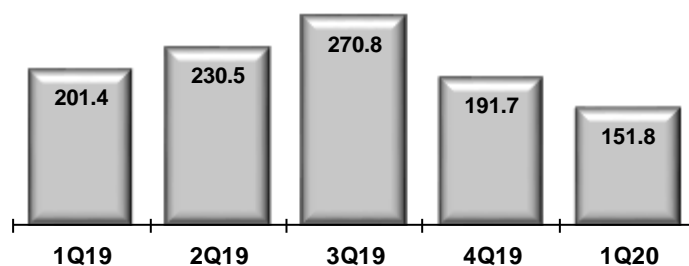


Bathroom Chinaware

Bathroom chinaware sales declined 25% in 1Q20 from 1Q19, due to the downturn in the chinaware segment, aggravated by the beginning of the impacts of COVID-19 on the Brazilian economy.

Note that on April 22, 2020, the Company announced the discontinuation of the industrial operations of its subsidiary Companhia Sulamericana de Cerâmica S/A – under Court-Supervised Reorganization (“CSC”), as described in Events Subsequent to the Reporting Period.

Sales (thousand pieces)

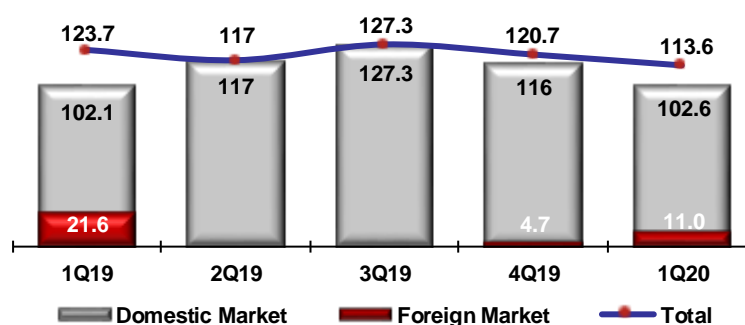


Net revenue

Despite the impact of COVID-19 as of March, net revenue reported in the domestic market in 1Q20, in the amount of R\$102.6 million, remained at the same level as in 1Q19.

In the other hand, net revenue amounted to R\$113.6 million in 1Q20, 8% down from 1Q19, reflecting lower chrysotile asbestos exports due to the hibernation of SAMA, whose operations were suspended in February 2019. Exports in 1Q20 were of the remaining chrysotile asbestos available in the inventory since the suspension of SAMA’s operations in February 2019 and the product resulting from processing the ore extracted before the unit’s suspension, according to the Material Fact notice disclosed on February 11, 2020.

Consolidated Net Revenue (R\$ million)





Costs of Goods and Products Sold

Costs of goods and products sold totaled R\$93.9 million in 1Q20, down 9.4% from 1Q19. Gross margin in the period was 17%, 1 p.p. higher than in 2019, underpinned by the recovery of the fiber-cement roofing panels business, the Company's core business, despite the suspension of SAMA's operations.

R\$ '000	1Q20	1Q19	% Chg.	4Q19	% Chg.
Net Revenue	113,636	123,680	(8.1)	120,692	(5.8)
Cost of goods sold	(93,866)	(103,653)	(9.4)	(94,555)	(0.7)
Gross Profit	19,770	20,027	(1.3)	26,137	-
<i>Gross Margin</i>	17%	16%	1 p.p.	22%	- 5 p.p.

Operating Expenses

Operating expenses totaled R\$28.4 million in 1Q20, 23% down from 1Q19. The sum of "Selling expenses" and "General and administrative expenses", inherent to the operational activities, fell 8% in 1Q20 vs. 1Q19 and 4% vs. 4Q19, showing a consistent reduction in the evaluation period.

In R\$ '000	1Q20	1Q19	Chg. %	4Q19	Chg. %
Selling expenses	(10,624)	(13,726)	(22.6)	(10,696)	(0.7)
General and administrative expenses*	(18,448)	(17,747)	3.9	(19,485)	(5.3)
Other operating revenues (expenses), net	684	(5,475)	-	23,189	(97.1)
Total operating expenses	(28,388)	(36,948)	(23.2)	(6,992)	306.0
<i>Percentage of Net Revenue</i>	-25%	-30%	5 p.p.	-6%	- 19 p.p.

* Includes Management Compensation.

Net Financial Income (Expense)

Net financial result was an expense of R\$5.6 million, up 10.9% from 1Q19, mainly due to bankruptcy-related financial expenses, resulting from the booking of interest on bankruptcy-related debt as approved under the Court-Supervised Reorganization Plan in June 2019.

In R\$ '000	1Q20	1Q19	Chg. %	4Q19	Chg. %
Financial expenses - bankruptcy-related debt	(1,626)	-	-	(2,327)	(30.1)
Others Financial expenses	(9,524)	(9,963)	(4.4)	(7,153)	33.1
Financial income	5,554	4,917	13.0	10,326	(46.2)
Net financial result	(5,596)	(5,046)	10.9	846	(761.5)

EBITDA

Adjusted EBITDA, excluding non-recurring events, was R\$240,000, as against a loss of R\$7.8 million in 1Q19 and R\$2.4 million in 4Q19, as the result of the good operational performance of Fiber-cement, the Company's main business. Due to non-recurring events, accounting EBITDA was a negative R\$4.7 million in 1Q20

Eternit

Reconciliation of consolidated EBITDA - (R\$'000)	1Q20	1Q19	% Chg.	4Q19	% Chg.
Net Income (loss)	(14,856)	(25,464)	(41.7)	6,712	(321.3)
Income tax and social contributions	642	672	(4.5)	24,922	(97.4)
Net financial income	5,596	5,046	10.9	(846)	-
Depreciation and amortization	3,890	3,721	4.5	3,579	8.7
EBITDA¹	(4,728)	(16,025)	(70.5)	34,367	(113.8)
EBITDA Margin	-4%	-13%	9 p.p.	28%	- 32 p.p.
Equity pickup	-	2,825	(100.0)	-	-
Remeasurement of Investment – business combination - CSC	-	-	-	(735)	(100.0)
Non-recurring events					
Restructuring	701	190	268.7	103	581.1
Expenses related to the judicial recovery process	420	503	(16.6)	527	(73.2)
Provisions for contingencies	-	-	-	(26,387)	(100.0)
Estimated loss due to goodwill of assets	-	-	-	10,661	(100.0)
Estimated loss due to impairment of assets	-	-	-	(24,805)	(100.0)
Production interruption of SAMA	3,083	4,710	(34.5)	3,340	(7.7)
Production interruption of Precon	765	-	-	472	62.2
Extemporaneous credit of ICMS in the PIS/COFINS ^a	-	-	-	(2,706)	(100.0)
Receivables of judgment debt compulsory of Eletrobrás ^b	-	-	-	(6,190)	(100.0)
Provision for post-employment benefit ^c	-	-	-	8,998	(100.0)
Recurring and Adjusted EBITDA²	240	(7,797)	-	(2,356)	-
Adjusted EBITDA Margin	0%	-6%	6 p.p.	-2%	2 p.p.

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

^b Receivables of judgment debt owed by the government related to compulsory loans in the electricity bill

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

Note: The amount in the "provision for post-employment benefit" line had a typo in 4Q19 that was corrected in the above table (Amount disclosed: R\$9,988,000/ Correct amount: R\$8,998,000).

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

² Adjusted EBITDA is an indicator used by the Company's Management to analyze the operational and financial performance of the Company's wholly-owned businesses, excluding equity pickup, as well as non-recurring events.

Net Income (Loss)

In 1Q20, Eternit registered net loss of R\$14.9 million. Excluding non-recurring events, it reported adjusted net loss of R\$11.6 million, as against loss of R\$20.3 million in 1Q19 and R\$17.5 million in 4Q19.

Consolidated Net Income (loss) for the year (R\$'000)	1Q20	1Q19	% Chg.	4Q19	% Chg.
Net Income (loss)	(14,856)	(25,464)	(41.7)	6,712	(321.3)
Net Margin	-13%	-21%	8 p.p.	6%	- 19 p.p.
Non-recurring events					
Restructuring	701	190	268.7	103	581.1
Expenses related to the judicial recovery process	420	503	(16.6)	527	(20.4)
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Extemporaneous credit of ICMS in the PIS/COFINS	-	-	-	(2,706)	(100.0)
Receivables of judgment debt compulsory of Eletrobrás	-	-	-	(6,190)	(100.0)
Remeasurement of Investment – business combination - CSC	-	-	-	(735)	(100.0)
Effect of Income and social contributions taxes*	(1,689)	(236)	615.8	12,486	(113.5)
Adjusted Net income (loss) for the period	(11,577)	(20,297)	(43.0)	(17,525)	(33.9)
Adjusted Net margin	-10%	-16%	6 p.p.	-15%	5 p.p.

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

Note: The amount in the "provision for post-employment benefit" line had a typo in 4Q19 that was corrected in the above table (Amount disclosed: R\$9,988,000/ Correct amount: R\$8,998,000). As a result, the Income Tax and Social Contribution effect was recalculated on non-recurring events in 4Q19.

Eternit

Bank debt

Eternit ended March 31, 2020, with gross bank debt of R\$123.7 million, which includes working capital lines and installments of the bankruptcy-related debt owed to banks, with net debt growing R\$8.6 million in relation to December 31, 2019.

DEBT - R\$ '000	03/31/20	12/31/19	% Chg.
Short-term gross debt	59,333	49,812	19.1%
Long-term gross debt	64,394	63,762	1.0%
Total gross debt	123,727	113,574	8.9%
(-) Cash and cash equivalents	10,866	9,358	16.1%
(-) Cash and short-term investments	10,866	9,358	16.1%
Net debt	112,861	104,216	8.3%

The bank debt profile on March 31, 2020 was: 14.5% in foreign currency and 85.5% in local currency. Bank debt in foreign currency results from advances on foreign exchange delivered (ACE) operations derived from exports of chrysotile asbestos.

Bankruptcy-related debt

Bankruptcy-related debt consists of labor dues (Class I), bank loans with security interest (Class II), unsecured loans (Class III), involving bank loans and dues to suppliers, and dues to micro and small companies (Class IV), booked under diverse Balance Sheet lines. Following the haircut and the property, plant and equipment given in payment, bankruptcy-related debt totaled R\$141.5 million and US\$1.3 million (R\$6.5 million), updated on March 31, 2020.

Class	Balance approved in CSR Plan	Discounts obtained	Debt charges	New authorized debts (disabled)	Payments made/ Assets given in payment*	Assets given in payment	Final balance
Class I – Labor Creditors – R\$ '000	6,466	-	-	271	(6,647)	-	90
Class II – Creditors with Security Interest – R\$ '000	36,225	-	2,051	-	-	-	38,276
Class III – Unsecured Creditors							
Option A – R\$ '000	107,672	(17,314)	2,993	(995)	(1,656)	(40,400)	50,300
Option A – US\$ '000	953	-	-	(631)	-	-	322
Option B – R\$ '000	87,208	(40,694)	2,095	-	-	-	48,339
Option B – US\$ '000	1,696	(763)	-	-	-	-	933
Class IV – Micro and Small Company Creditors – R\$ '000	4,612	-	158	-	(267)	-	4,503
Total – R\$ mil	242,183	(58,278)	7,297	(724)	(8,570)	(40,400)	141,508
Total – US\$ mil	2,649	(763)	-	(631)	-	-	1,255

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

Capex

Capex of Eternit and its subsidiaries in 1Q20 totaled R\$2.4 million, earmarked for maintenance and modernization of the Group's industrial facilities and, particularly, for the photovoltaic roofing tiles manufacturing project.

Note that, as described in the Events Subsequent to the Reporting Period section, given in light of the worsening global macroeconomic scenario on account of the COVID-19 pandemic, and considering the importance of the investment program for the Company to recover profitability, in April the company approved a capital increase through the issue of shares for private subscription in the amount of R\$46.8 million, with the funds being allocated to the Photovoltaic Roofing Tiles and Fiber-Cement Modernization Program projects.



Capital Markets

Eternit has been a listed company since 1948 and, since 2006, its stock has been traded on the Novo Mercado, the highest level of corporate governance on the São Paulo Stock Exchange (B3) under the stock ticker ETER3.

With fragmented ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 78% of the shareholder base on March 31, 2020, while clubs, investment funds and foundations accounted for 20% and foreign investors and corporate shareholders 2%. On the same date, only two shareholders held more than 5% interest in the capital stock, with an aggregate interest of 18.8% of the total capital stock.

Eternit stock ended 1Q20 quoted at R\$2.56/share, resulting in a market cap of R\$81.3 million. Visit the Company's [IR](#) website for more information.

Processing of remaining ore in inventory by SAMA

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

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

Annual Shareholders Meeting held on April 28, 2020

At the Annual Shareholders Meeting (ASM), Marcelo Gasparino da Silva (chairman of the Board), Marcelo Munhoz Auricchio, Olivier Colas, Paulo Andrade and Louise Barsi were elected to the Board of Directors. The Board will hold office until the Annual Shareholders Meeting of 2022.

The establishment of the Audit Board was also requested, and Paulo Henrique Zukanovich Funchal, João Vicente Silva Machado and Wilfredo João Vicente Gomes were elected members, together with their respective alternates. The Audit Board will hold office until the Annual Shareholders Meeting of 2021.

A short profile of each member is available on the IR website in the "Corporate Governance / Management" section.

Events Subsequent to the Reporting Period

COVID-19 impacts

The Company is monitoring the possible risks inherent to COVID-19 that may affect its operations. So far, there has been no significant change in the supply of inputs, financial assets, fixed assets, inventories and other equity positions, apart from any liquidity, defaults and other corporate risks.

Starting from May 1, the Company reduced the working hours and wages by 25%, pursuant to Provisional Presidential Decree (MP) 936/2020, for all employees not directly involved in production, and also suspended the direct labor employment contracts at the industrial units whose production planning resulted in suspension of operations due to the drop in demand. The measures aim to optimize working capital and protect jobs.

Due to the volatility of the markets and the varying dynamics of each business, impacts are expected over the coming quarters but are difficult to be measured at this time due to market uncertainties.

We continue to monitor the overall scenario, taking the appropriate measures and reiterating our commitment to the safety of all employees, clients and other stakeholders.

Suspension of operations at Companhia Sulamericana de Cerâmica – under court-supervised reorganization ("CSC")

As per the Material Fact notice disclosed on April 22, 2020, Eternit suspended on that date the industrial operations of its subsidiary Companhia Sulamericana de Cerâmica S/A – under Court-Supervised Reorganization ("CSR") and, consequently, terminated all its employees. The decision to suspend operations arises from the direct impact of the COVID-19 pandemic plaguing the country, which frustrated its efforts to continue operations, despite the successive negative results reported by CSC, as exemplified by the negative EBITDA in 3Q19 (R\$5.4 million) and 4Q19 (R\$2.9 million). The unit will be kept in hibernation until further decision by the Management.



Capital Increase

As per the Material Fact notice disclosed on April 28, 2020, Eternit approved the Capital Increase, within the Authorized Capital, for private subscription (“Capital Increase”), as set forth in Article 5, Paragraph 1 of the Bylaws.

In light of the worsening global macroeconomic scenario on account of the COVID-19 pandemic, and considering the importance of the investment program for the Company in recovering profitability, Eternit plans to increase its capital through the issue of shares for private subscription in the amount of R\$46.8 million.

The Capital Increase will fund two investment programs: (i) Photovoltaic Project, including a showcase unit being set up at Atibaia to test the technology (R\$5.8 million); and (ii) Fiber-Cement Modernization Project (R\$41 million).

The Capital Increase will be at least R\$9,360,000.000 (“Minimum Subscription”) and not more than R\$46,800,000.00 (“Maximum Subscription”), through the private issue of at least 4,000,000 and not more than 20,000,000 registered, common shares with no par value, at the issue price of R\$2.34 per share. The Board of Directors can partially ratify the Capital Increase, provided the Minimum Subscription is reached.

Shareholders of record in the Company on May 5, 2020, will be entitled to preemptive rights for proportional subscription to the new shares. The term for exercising preemptive rights and expressing interest in reserving the unsubscribed shares is thirty (30) days from May 6, 2020, inclusive, to June 4, 2020, inclusive (“Term for Exercising Preemptive Rights”).

All the information regarding the Capital Increase approved, as well as the terms and conditions for the Company’s shareholders to exercise their preemptive rights, are duly specified and detailed in the Minutes of the Board of Directors Meeting and the respective Notice to Shareholders, as well as in the Subscription Order, all of which are available on the IR website.


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

Corporate Law (R\$ '000)

ASSETS	Parent Company		Consolidated	
	03/31/20	12/31/19	03/31/20	12/31/19
Current	144,605	140,016	245,357	232,558
Cash and cash equivalents	8,896	3,871	10,866	9,358
Accounts receivable	36,462	42,374	66,616	56,738
Inventories	72,332	77,049	101,049	104,921
Taxes recoverable	3,001	2,328	28,106	23,496
Related parties	14,338	3,136	-	-
Other current assets	8,780	10,462	30,306	29,630
Noncurrent assets held for sale	796	796	8,415	8,415
Non-current	241,918	246,905	307,103	313,029
Judicial deposits	10,772	10,412	19,746	19,362
Taxes recoverable	25,174	25,128	36,913	40,834
Related parties	26,900	26,093	-	-
Other noncurrent assets	799	794	2,255	2,250
Investments	134,079	139,481	-	-
Right-of-use assets	-	-	10,859	11,210
Property, Plant and Equipment (PP&E)	44,194	44,861	236,941	238,789
Intangible assets	-	136	388	584
Total assets	386,523	386,921	552,460	545,587

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	03/31/20	12/31/19	03/31/20	12/31/19
Current liabilities	222,373	206,841	253,042	228,576
Trade accounts payable	35,168	34,951	64,430	59,719
Loans and financing	34,013	37,689	59,333	49,812
Related parties	98,979	85,951	-	-
Personnel expenses	11,720	11,773	15,865	15,650
Provision for post-employment benefits	2,622	2,622	7,118	7,118
Taxes, charges and contributions payable	19,278	11,716	28,488	19,559
Lease obligations	-	-	2,669	2,095
Other current liabilities	20,593	22,139	75,139	74,623
Non-Current	181,818	182,902	317,050	319,789
Loans and financing	9,327	9,327	64,394	63,762
Related parties	49,571	49,089	-	-
Taxes, charges and contributions payable	16,456	17,712	46,077	48,774
Labor obligations	7,488	7,664	9,675	9,974
Lease liabilities	-	-	8,217	9,115
Provision for tax, civil and labor risks	61,403	61,385	86,638	86,620
Provision for post-employment benefits	37,573	37,725	94,710	94,486
Provision for decommissioning of mine	-	-	6,817	6,817
Deferred income tax and social contributions	-	-	522	-
Lease obligations	-	-	8,217	9,115
Equity	(17,668)	(2,822)	(17,632)	(2,778)
Capital	338,967	338,967	338,967	338,967
Capital reserve	19,438	19,437	19,438	19,437
Treasury shares	(174)	(174)	(174)	(174)
Accumulated loss	(334,759)	(319,912)	(334,759)	(319,912)
Other comprehensive income	(41,140)	(41,140)	(41,140)	(41,140)
Equity attributable to controlling interests	(17,668)	(2,822)	(17,668)	(2,822)
Noncontrolling interests	-	-	36	44
Total liabilities and equity	386,523	386,921	552,460	545,587


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

Corporate Law

R\$ '000	1Q20	1Q19	% Chg.	4Q19	% Chg.
Net revenue	92,485	94,143	(1.8)	106,189	(12.9)
Cost of goods sold	(80,537)	(84,421)	(4.6)	(89,869)	(10.4)
Gross profit (loss)	11,948	9,722	22.9	16,320	(26.8)
<i>Gross margin</i>	<i>13%</i>	<i>10%</i>	<i>3 p.p.</i>	<i>15%</i>	<i>- 2 p.p.</i>
Operating income (expenses)¹	(18,407)	(20,776)	(11.4)	(20,168)	(8.7)
Selling expenses	(8,089)	(7,895)	2.5	(8,569)	(5.6)
General and administrative expenses ²	(10,358)	(8,724)	18.7	(14,282)	(27.5)
Other operating income (expenses), net	40	(4,157)	-	2,683	(98.5)
Operating income (expenses) before equity pickup (EBIT)	(6,459)	(11,054)	(41.6)	(3,848)	67.9
<i>EBIT margin</i>	<i>-7%</i>	<i>-12%</i>	<i>5 p.p.</i>	<i>-4%</i>	<i>- 3 p.p.</i>
Equity pickup	(5,402)	(9,345)	(42.2)	14,380	-
Remeasurement of Investment – business combination - CSC	-	-	-	731	(100.0)
Provision for restructuring and desmobilization	-	-	-	21,715	(100.0)
Financial income (expenses), net	(2,987)	(5,071)	(41.1)	(1,693)	76.4
Income (loss) before income and social contribution taxes	(14,848)	(25,470)	(41.7)	31,285	-
Deferred (loss) income and social contributions taxes	-	-	-	(24,595)	(100.0)
Net income (loss) for the year	(14,848)	(25,470)	(41.7)	6,690	-
<i>Net margin</i>	<i>-16%</i>	<i>-27%</i>	<i>11 p.p.</i>	<i>6%</i>	<i>- 22 p.p.</i>
EBITDA	(10,569)	(19,093)	(44.6)	34,361	-
<i>EBITDA margin</i>	<i>-11%</i>	<i>-20%</i>	<i>9 p.p.</i>	<i>32%</i>	<i>- 43 p.p.</i>

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

Corporate Law

R\$ '000	1Q20	1Q19	% Chg.	4Q19	% Chg.
Gross revenues	146,786	156,639	(6.3)	159,541	(8.0)
Gross revenues deductions	(33,150)	(32,959)	0.6	(38,849)	(14.7)
Net revenue	113,636	123,680	(8.1)	120,692	(5.8)
Cost of goods sold	(93,866)	(103,653)	(9.4)	(94,555)	(0.7)
Gross profit (loss)	19,770	20,027	(1.3)	26,137	(24.4)
<i>Gross margin</i>	<i>17%</i>	<i>16%</i>	<i>1 p.p.</i>	<i>22%</i>	<i>- 5 p.p.</i>
Operating income (expenses)¹	(28,388)	(36,948)	(23.2)	(6,992)	306.0
Selling expenses	(10,624)	(13,726)	(22.6)	(10,696)	(0.7)
General and administrative expenses ²	(18,448)	(17,747)	3.9	(19,485)	(5.3)
Other operating income (expenses), net	684	(5,475)	-	23,189	(97.1)
Operating income (expenses) before equity pickup (EBIT)	(8,618)	(16,921)	(49.1)	19,145	-
<i>EBIT margin</i>	<i>-8%</i>	<i>-14%</i>	<i>6 p.p.</i>	<i>16%</i>	<i>- 24 p.p.</i>
Equity pickup	-	(2,825)	(100.0)	-	-
Remeasurement of Investment – business combination - CSC	-	-	-	735	(100.0)
Provision for restructuring and desmobilization	-	-	-	10,908	(100.0)
Operating income (expenses) before financial expenses (EBIT*)	(8,618)	(19,746)	(56.4)	30,788	-
Financial income (expenses), net	(5,596)	(5,046)	10.9	846	-
Income (loss) before income and social contribution taxes	(14,214)	(24,792)	(42.7)	31,634	-
Current (loss) income and social contributions taxes	(361)	(308)	17.2	(224)	61.2
Deferred (loss) income and social contributions taxes	(281)	(364)	(22.8)	(24,698)	(98.9)
Net income (loss) for the period	(14,856)	(25,464)	(41.7)	6,712	-
<i>Net margin</i>	<i>-13%</i>	<i>-21%</i>	<i>8 p.p.</i>	<i>6%</i>	<i>- 19 p.p.</i>
Adjusted Net income (loss) for the period	(11,577)	(20,297)	(43.0)	(17,525)	(33.9)
<i>Adjusted Net margin</i>	<i>-10%</i>	<i>-16%</i>	<i>6 p.p.</i>	<i>-15%</i>	<i>5 p.p.</i>
Earnings (loss) per share, basic and diluted - R\$	(0.4677)	(0.8538)	-	0.2113	-
EBITDA	(4,728)	(16,025)	(70.5)	34,367	-
<i>EBITDA margin</i>	<i>-4%</i>	<i>-13%</i>	<i>9 p.p.</i>	<i>28%</i>	<i>- 32 p.p.</i>
Adjusted EBITDA	240	(7,797)	-	(2,356)	-
<i>Adjusted EBITDA Margin</i>	<i>0%</i>	<i>-6%</i>	<i>6 p.p.</i>	<i>-2%</i>	<i>2 p.p.</i>

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

¹ It does not include equity pickup, presented separately from total operating income (expenses)² Includes Management Compensation.


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

Corporate Law

R\$ '000 - Accumulated	Parent Company		Consolidated	
	03/31/20	03/31/19	03/31/20	03/31/19
Cash flows from operating activities				
Loss (income) before income and social contribution taxes	(14,848)	(25,470)	(14,214)	(24,792)
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	5,402	9,345	-	2,825
Depreciation and amortization	1,292	1,306	3,890	3,721
Write-off of judicial deposits	-	(142)	-	(142)
Allowance for doubtful accounts	263	99	428	(227)
Provision for impairment of net realizable value	(36)	(252)	1,423	(474)
Provision for tax, civil and labor risks	18	1,102	18	2,306
Provision for post-employment benefits	-	913	-	1,787
Provision for decommissioning of mine	-	-	-	384
Provision for restructuring	-	(117)	-	(155)
Provision for granting	-	612	-	549
Financial charges, and monetary and exchange variations	1,715	1,601	(1,479)	227
Amortization of right of use	-	-	351	-
	(6,194)	(11,003)	(9,583)	(13,991)
Decrease (increase) in operating assets:				
Accounts receivable	5,649	(39,724)	(5,495)	(13,810)
Related parties	(11,885)	(30,001)	-	(5,321)
Inventories	4,753	7,270	2,449	910
Taxes recoverable	(621)	406	(509)	1,447
Judicial deposits	(360)	(35)	(384)	(56)
Other assets	1,676	(4,118)	(656)	(1,385)
Increase (decrease) in operating liabilities				
Trade accounts payable	(1,005)	8,016	1,959	6,628
Related parties	12,936	29,856	-	1,965
Taxes, charges and contributions payable	6,306	1,524	6,390	(2,918)
Personnel expenses	(229)	720	(84)	945
Post-employment benefits	(152)	(817)	224	(1,629)
Restructuring expenses	-	(190)	-	(190)
Other liabilities	(1,544)	1,065	(383)	(5,505)
Cash provided by operating activities	9,330	(37,031)	(6,072)	(32,910)
Interest paid	(323)	(360)	(498)	(847)
Income and social contribution taxes paid	-	-	(47)	(2,765)
Net cash provided by operating activities	9,007	(37,391)	(6,617)	(36,522)
Cash flow from investing activities				
Additions to PP&E and intangible assets	(489)	(867)	(1,846)	(954)
Net cash used in investing activities	(489)	(867)	(1,846)	(954)
Cash flows from financing activities				
Loans and financing raised	8,424	39,078	34,825	65,628
Repayment of loans and financing	(11,917)	(4,285)	(24,854)	(33,056)
Net cash used in financing activities	(3,493)	34,793	9,971	32,572
Increase (Decrease) in cash and cash equivalents	5,025	(3,465)	1,508	(4,904)
At beginning of period	3,871	6,438	9,358	9,181
At end of period	8,896	2,973	10,866	4,277
Decrease (Increase) in cash and cash equivalents	5,025	(3,465)	1,508	(4,904)

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