

Eternit



Conference Call – Earning Results 2Q13 – 08/09/2013





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.”

Highlights of 2Q13 (when compared to 2Q12)

- Growth of sales volume:
 - ✓ Chrysotile mineral: 6.7%
 - ✓ Fiber cement: 8.6%
 - ✓ Concrete tiles: 6.8%
- Net Consolidated Revenue amounted to R\$ 241.5 million, growth of 14.4%
- EBTIDA was R\$ 47.6 million, an increase of 21.3% and margin of 20%
- Net Income reached R\$ 27.1 million, a growth of 0.5%
- Investments reached R\$ 30.5 million, evolution of 94.5%
- Recognitions: Eternit has won awards in the areas of Human Resources, Capital Markets and Products

The largest and most diversified roof coverings industry in Brazil – 2012

				
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	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 m²
Capacity Used	Fiber cement - 80%		100%	60%

SAMA's Portfolio - Mining



Serpentinite rock with chrysotile mineral fibers

Chrysotile Mineral





Fiber cement tiles



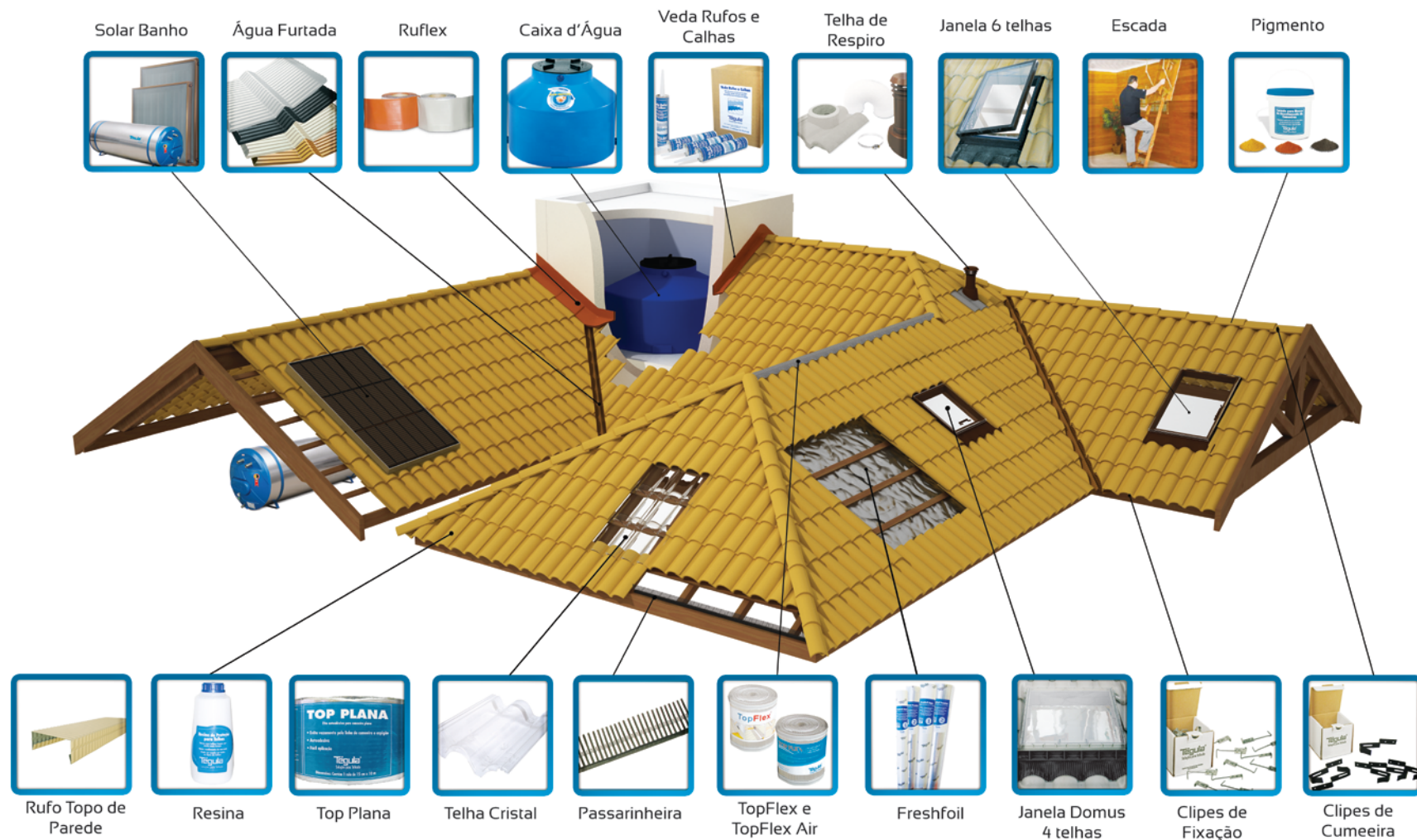
Concrete tiles



Metallic tiles



Portfolio of accessories for roofs - Tégula



Portfolio for construction systems



Polyethylene water tanks



Components for construction systems



Portfolio for bathrooms



Bathroom chinaware



Toilet seats



Portfolio for bathrooms



Metal bathroom fittings



Portfolio for kitchens



Metal fittings for kitchens



Eternit



Operational Performance

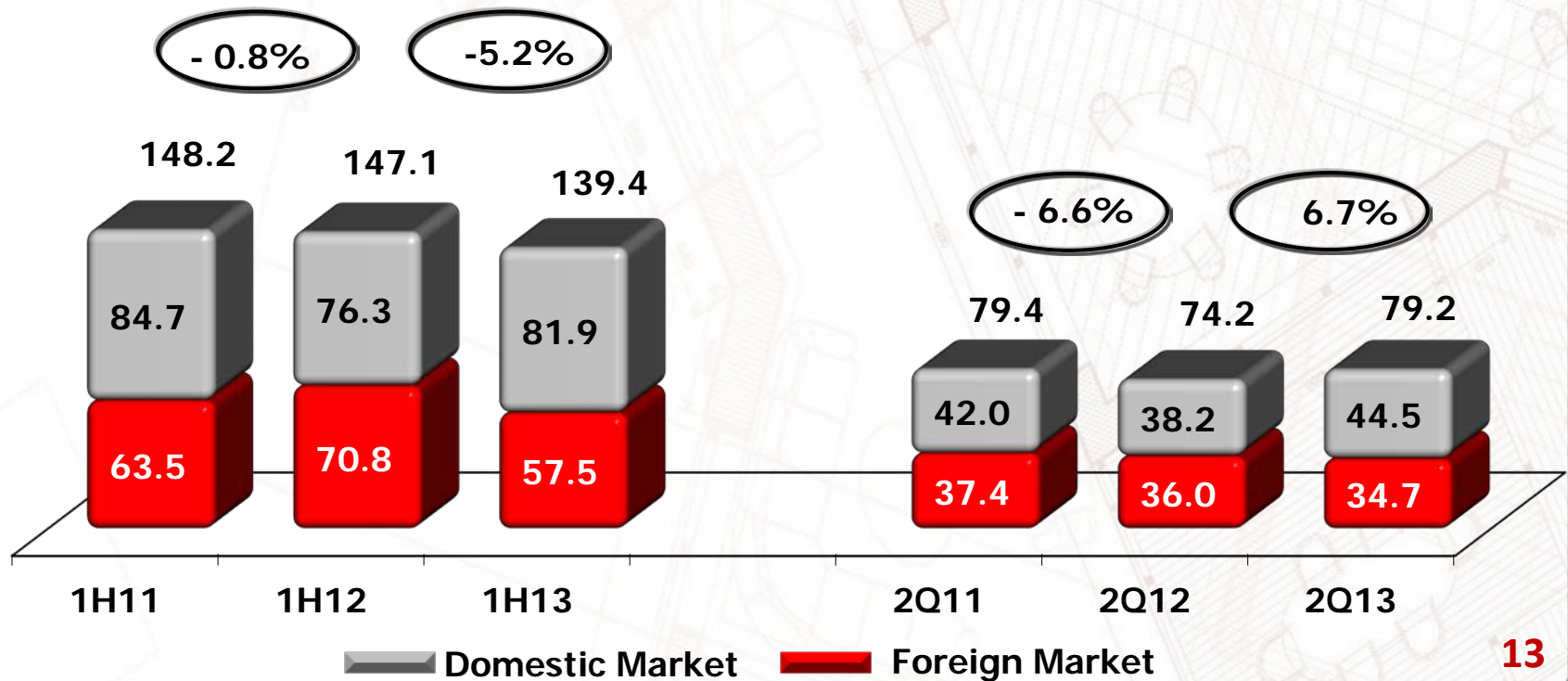
Sales of Chrysotile Mineral (thous. tons)

1H13 x 1H12

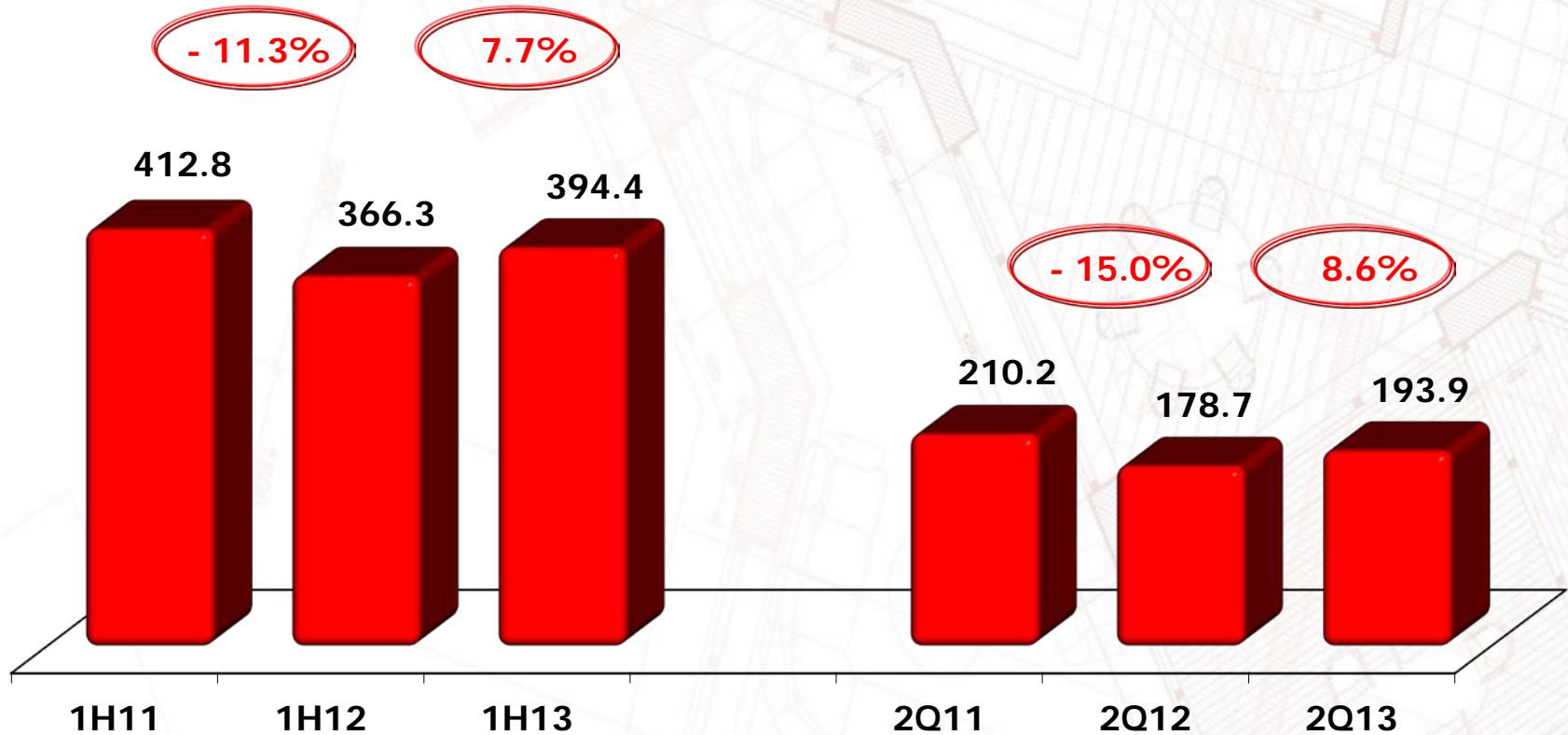
- **Domestic Market** – increase of 7.4%
- **Foreign Market** – reduction of 18.8%

2Q13 x 2Q12

- **Domestic Market** – increase of 16.5%
- **Foreign Market** – reduction of 3.6%

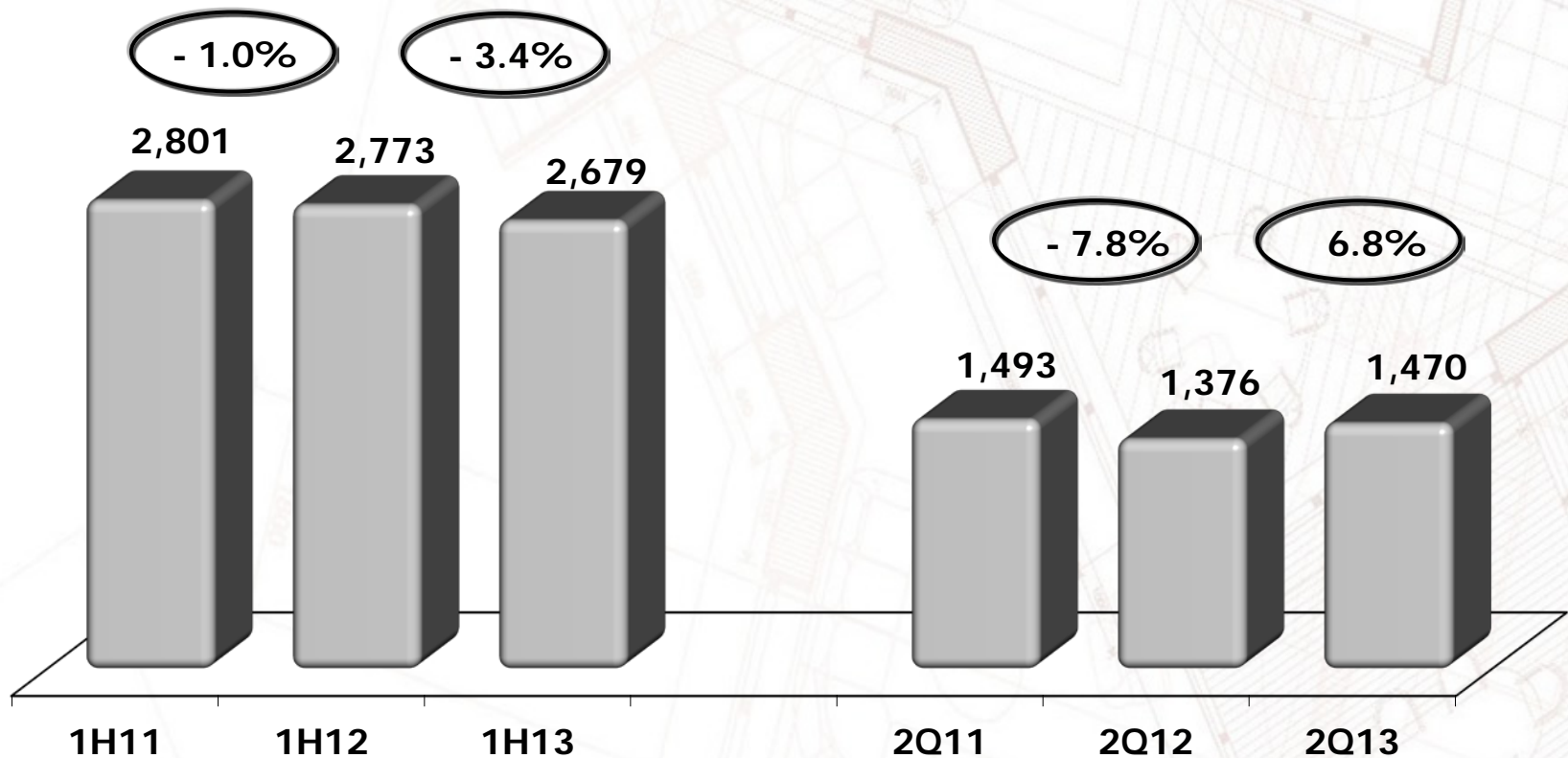


Sales of Fiber Cement* (thous. tons)



* Includes components for construction systems

Sales of Concrete Tiles (thous. square meters)



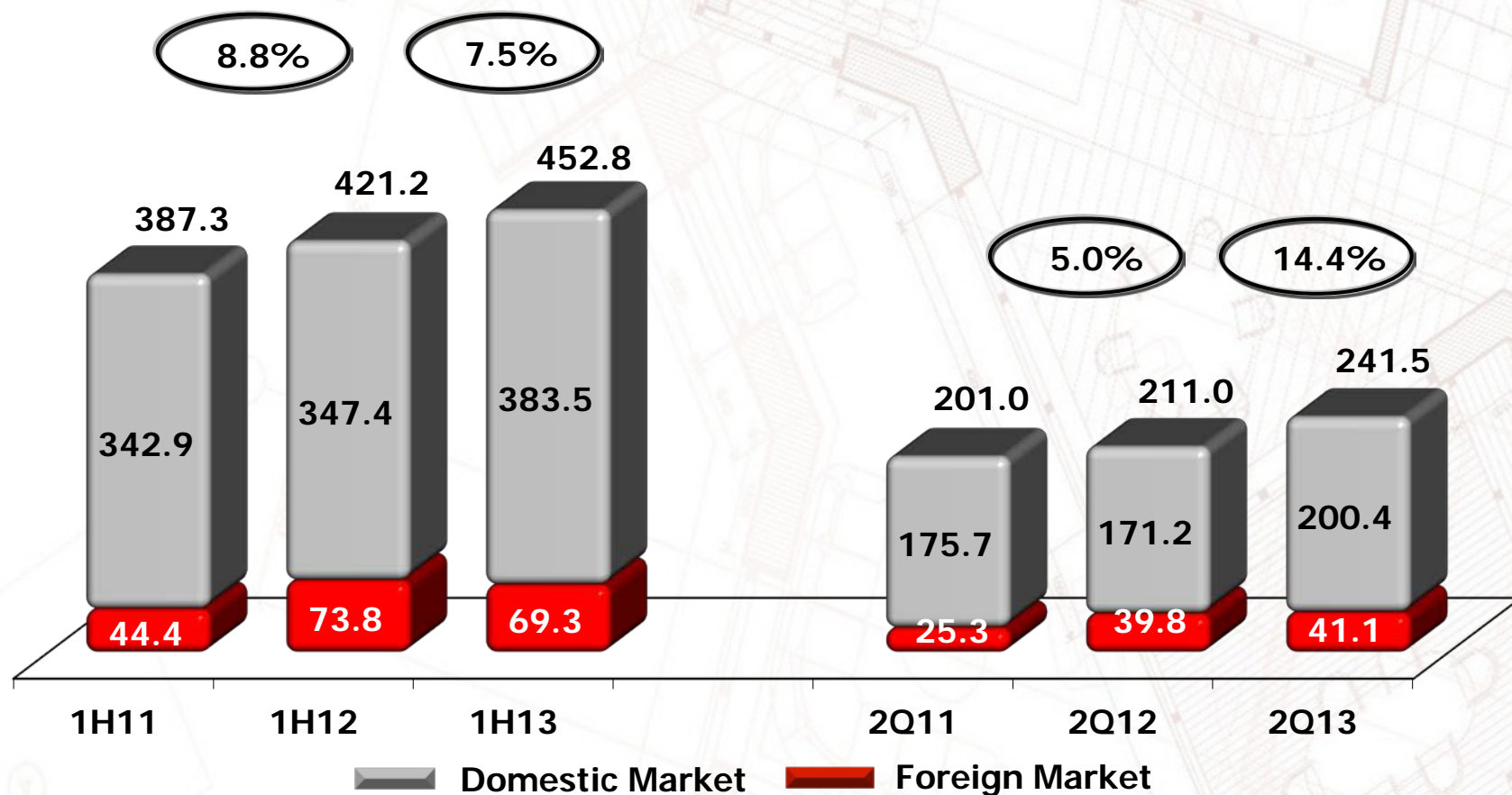
*Tégula was acquired on February 11 2010. The amount of 477 thousand m2 doesn't refer to Eternit.

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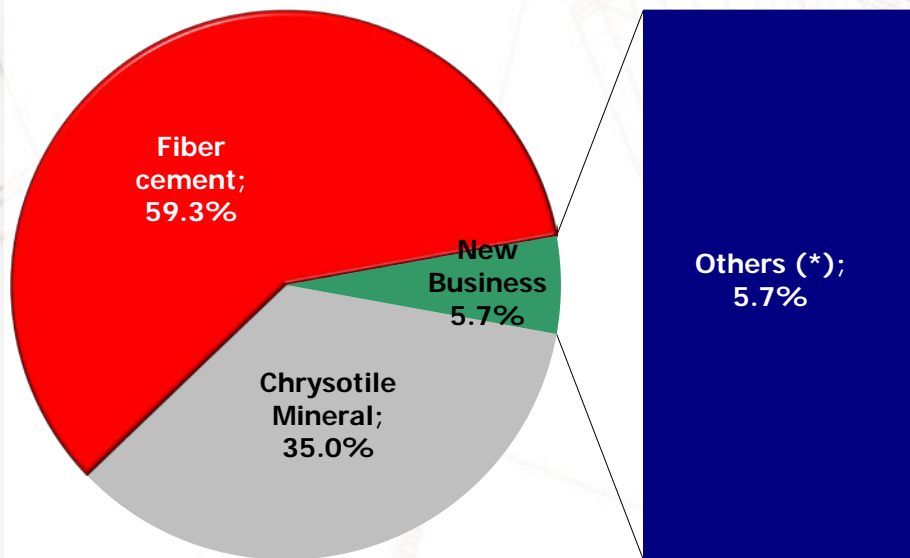
Economic and Financial Performance

Consolidated Net Revenue (R\$ million)

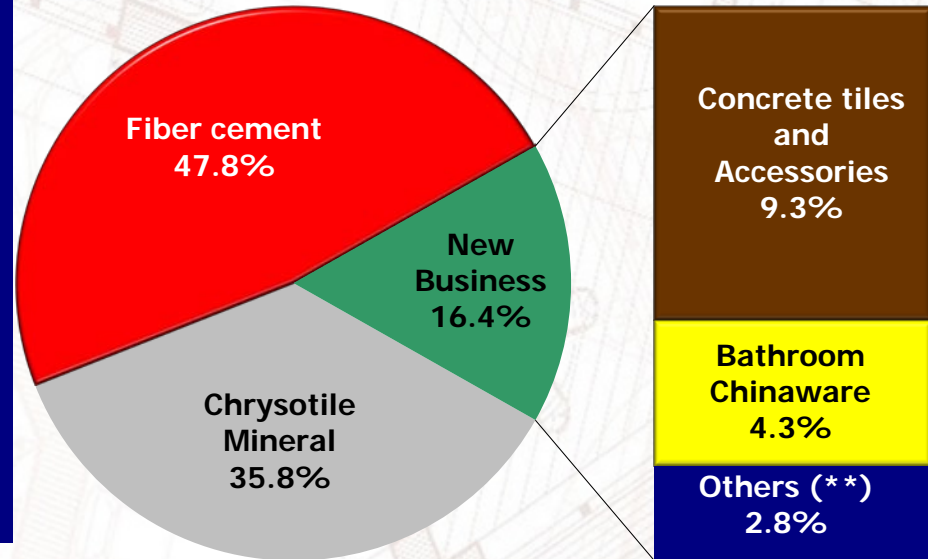


Net Revenue Breakdown

2007



2Q13

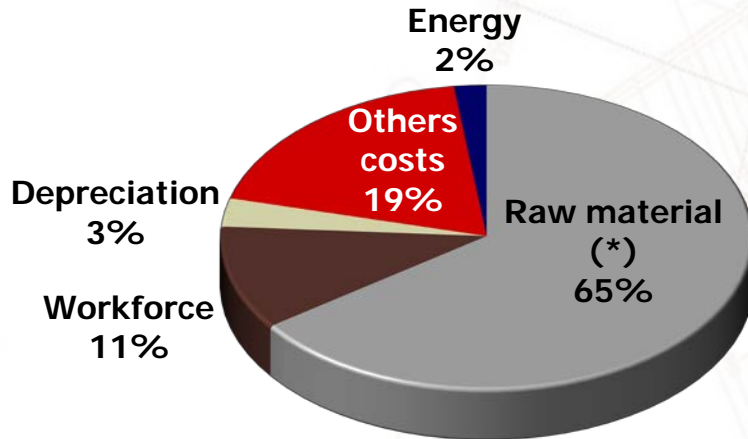


(*) Others: metallic roofing tiles, polyethylene water tanks and components for construction systems.

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

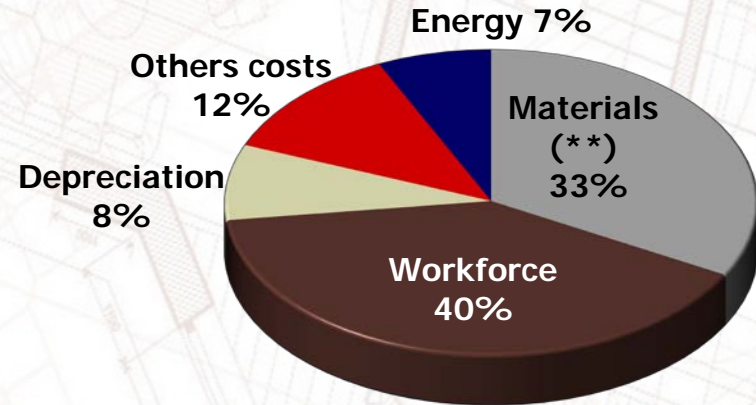
COGS Breakdown – 2Q13

Fiber Cement



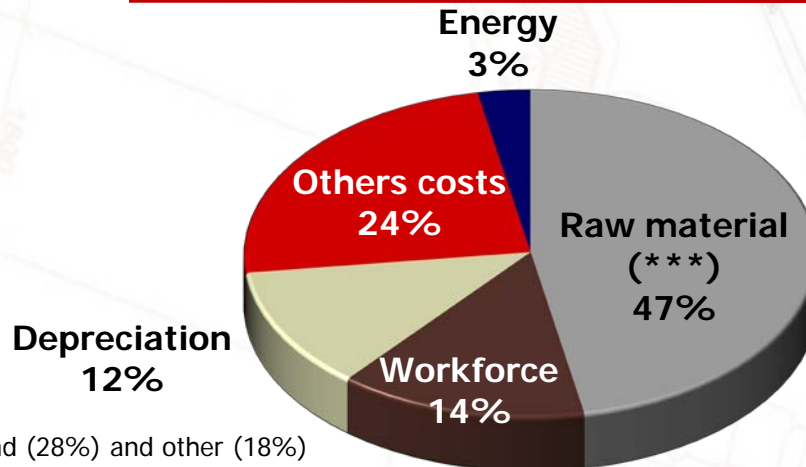
(*) - Cement (47%), Chrysotile Mineral (41%) and other (12%)

Chrysotile Mineral



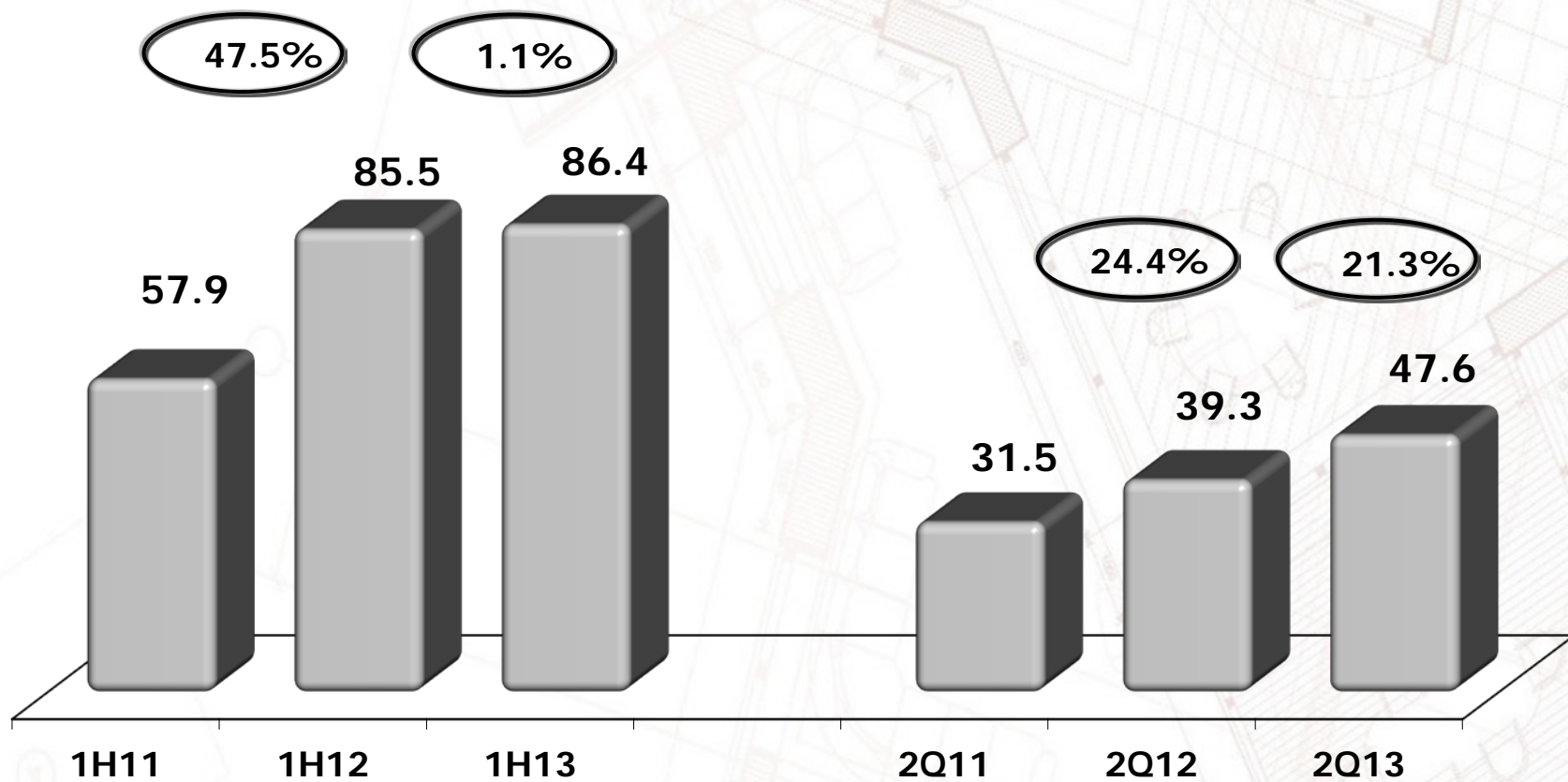
(**) – Fuel, explosives, packaging, among other

Concrete Tiles

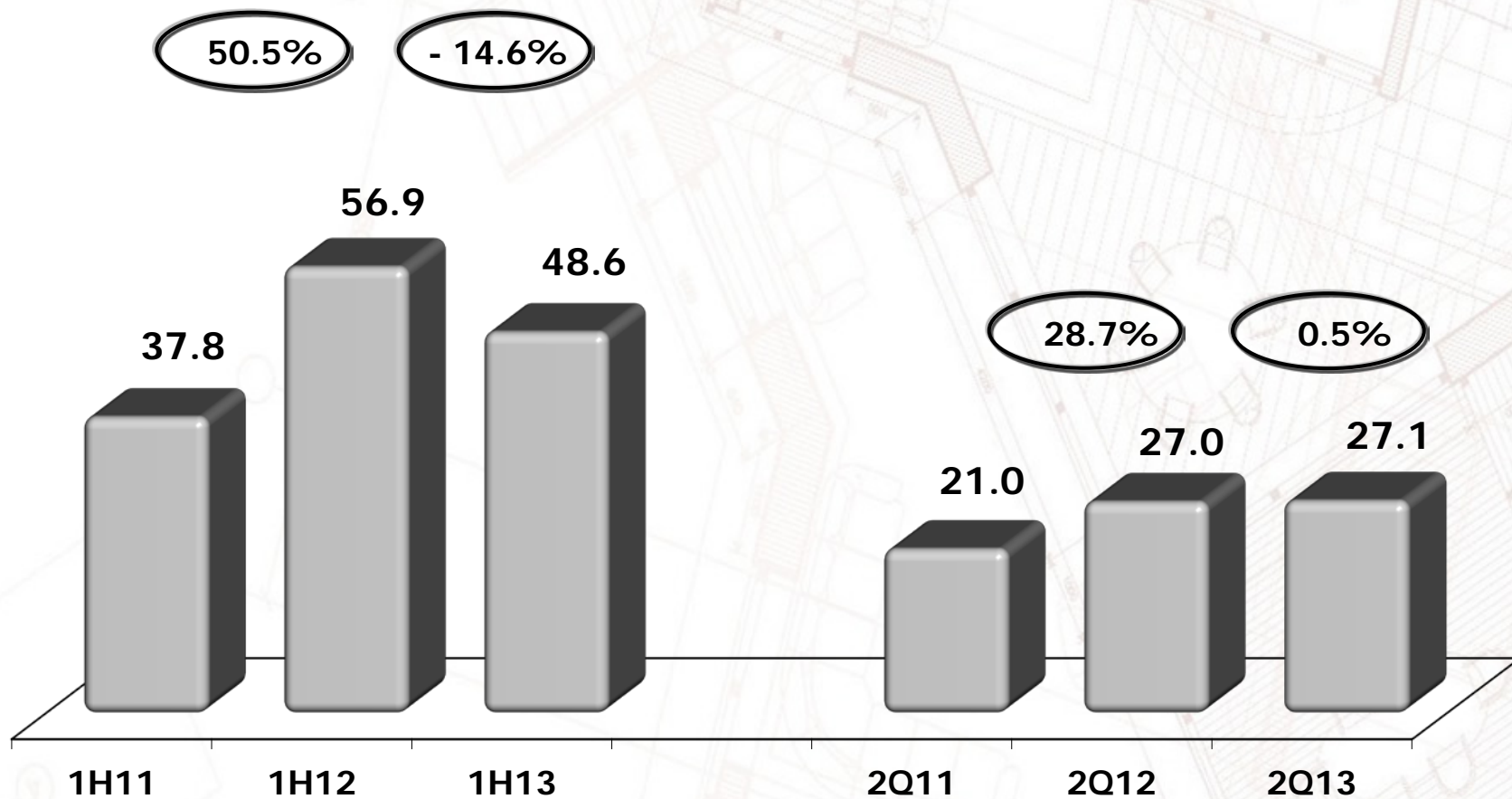


(***) - Cement (54%), sand (28%) and other (18%)

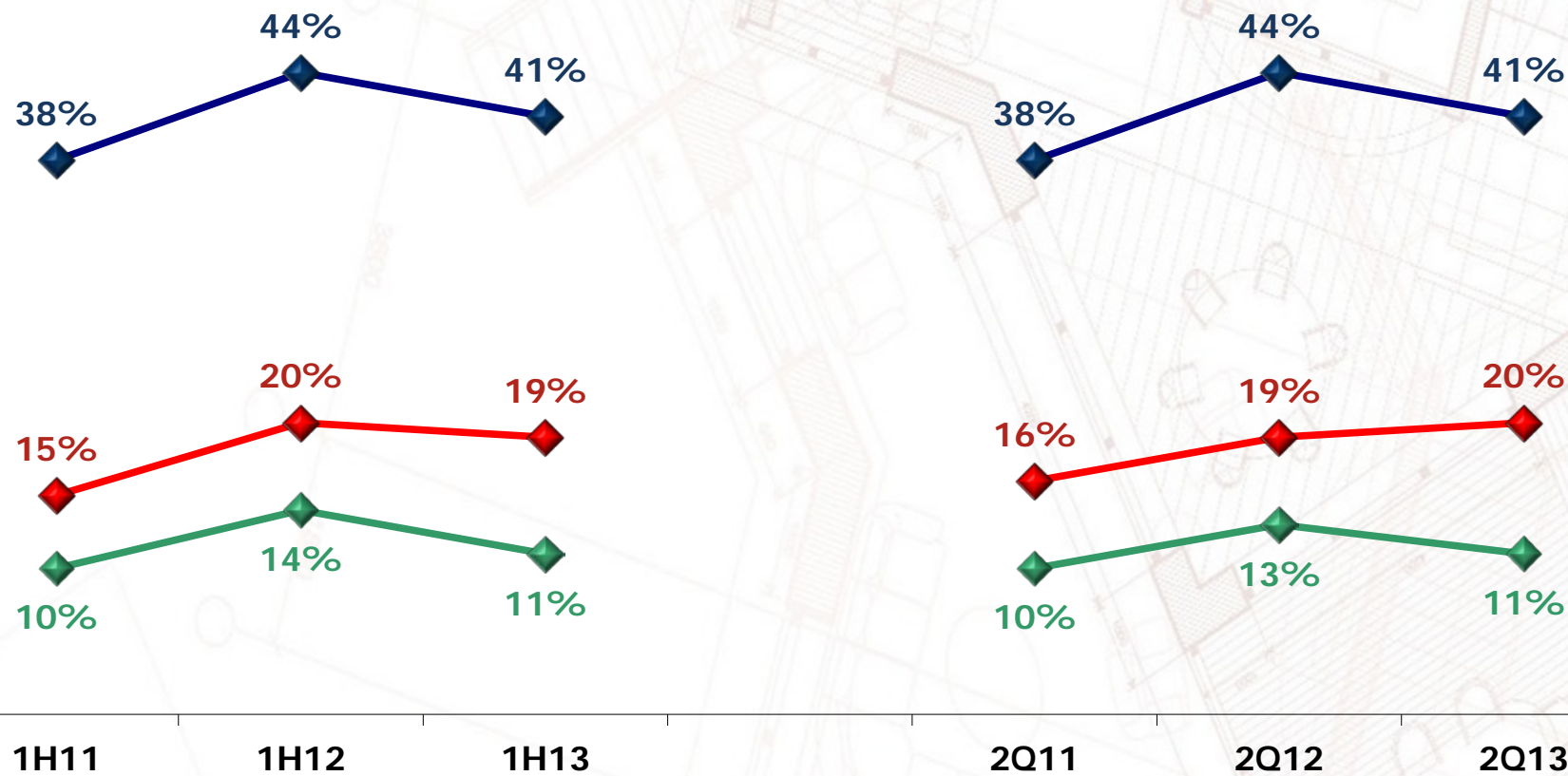
EBITDA (in R\$ million)



Net Income (in R\$ million)



Margins



Gross Margin



EBITDA Margin



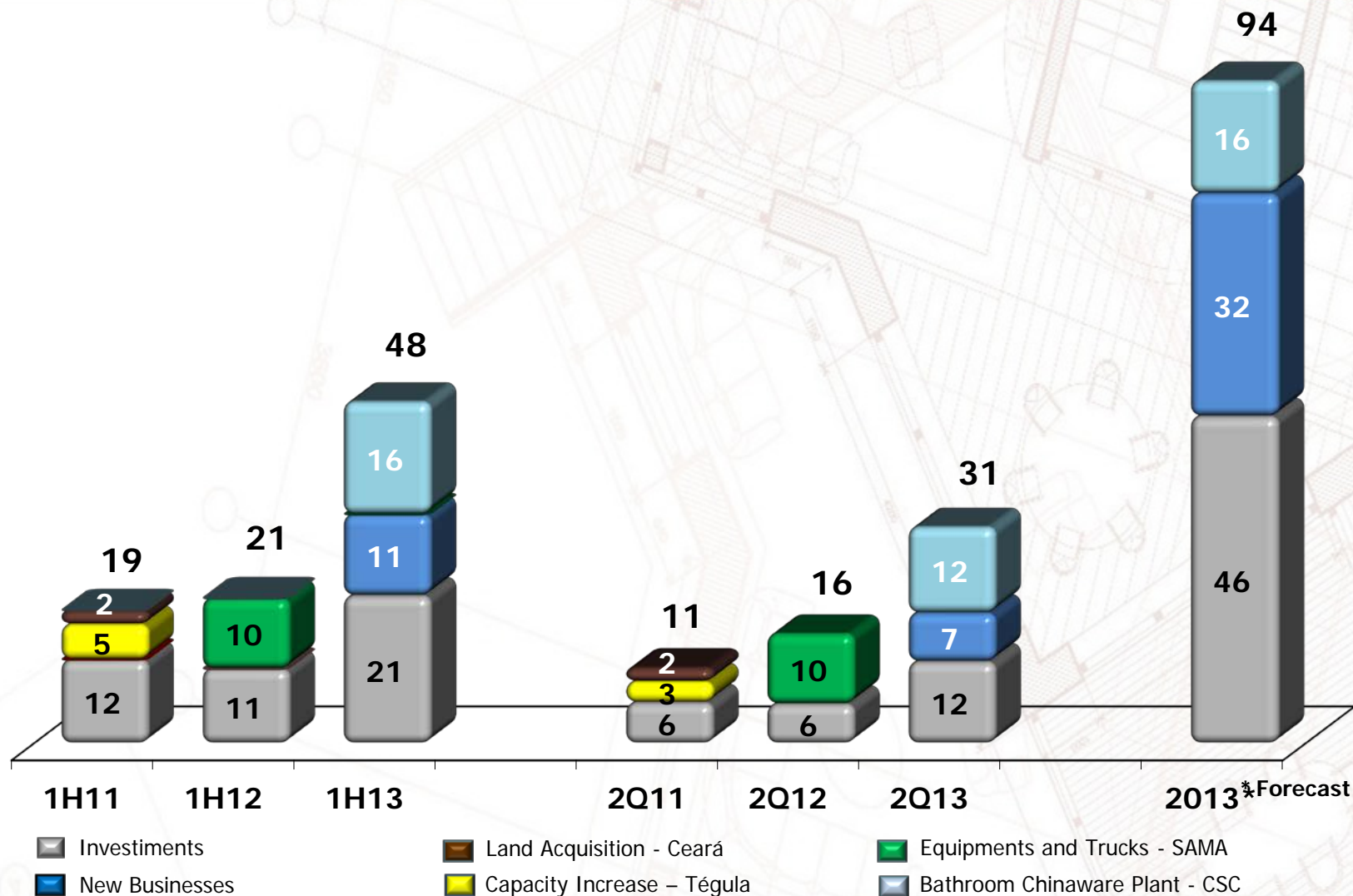
Net Margin

Éternit



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/>

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

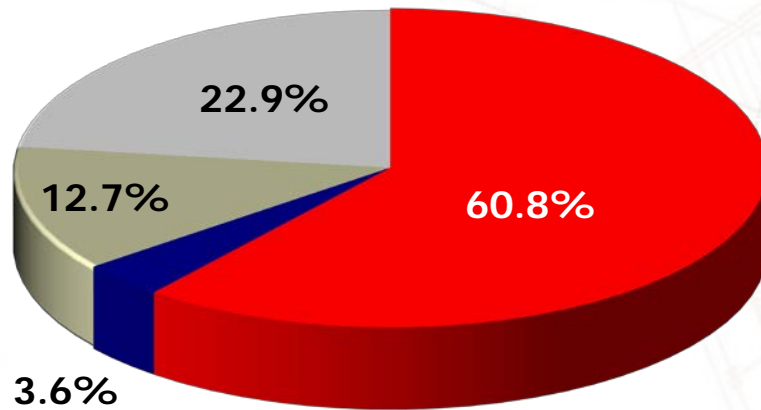
Funding: third-party funding on a preferential basis

Eternit



Capital Markets

Shareholding Structure – Jul/13



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

FREE-FLOAT

84.5%

Highlights

Geração L. Par. F. I. A.	15.25%
Luiz Barsi Filho	13.56%
Victor Adler + VIC DTVM	8.50%
Diretoria	1.55%
Ações em Tesouraria	0.03%

Board of Directors

Member since

Sergio Alexandre Melleiro (*)	1993
Lírio Albino Parisotto (*)	2004
Élio A. Martins	2007
Luiz Barsi Filho	2008
Marcelo Munhoz Auricchio	2011
Luis Terepins (*)	2011
Benedito Carlos Dias da Silva (*)	2012

(*) Independent member

Board of Auditors

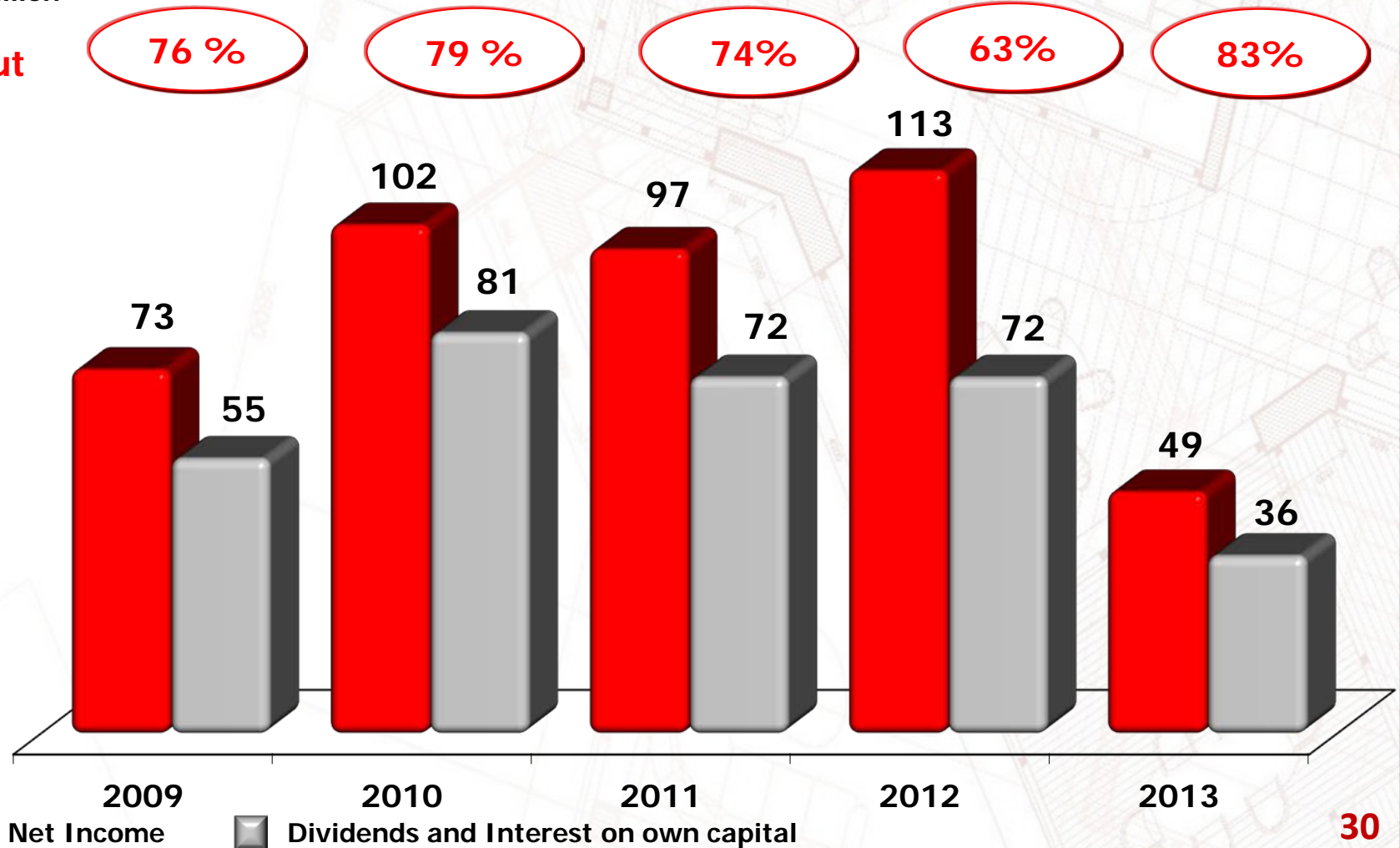
Member since

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

Policy of Remuneration - Net Income X Distributed Earnings

In R\$ million

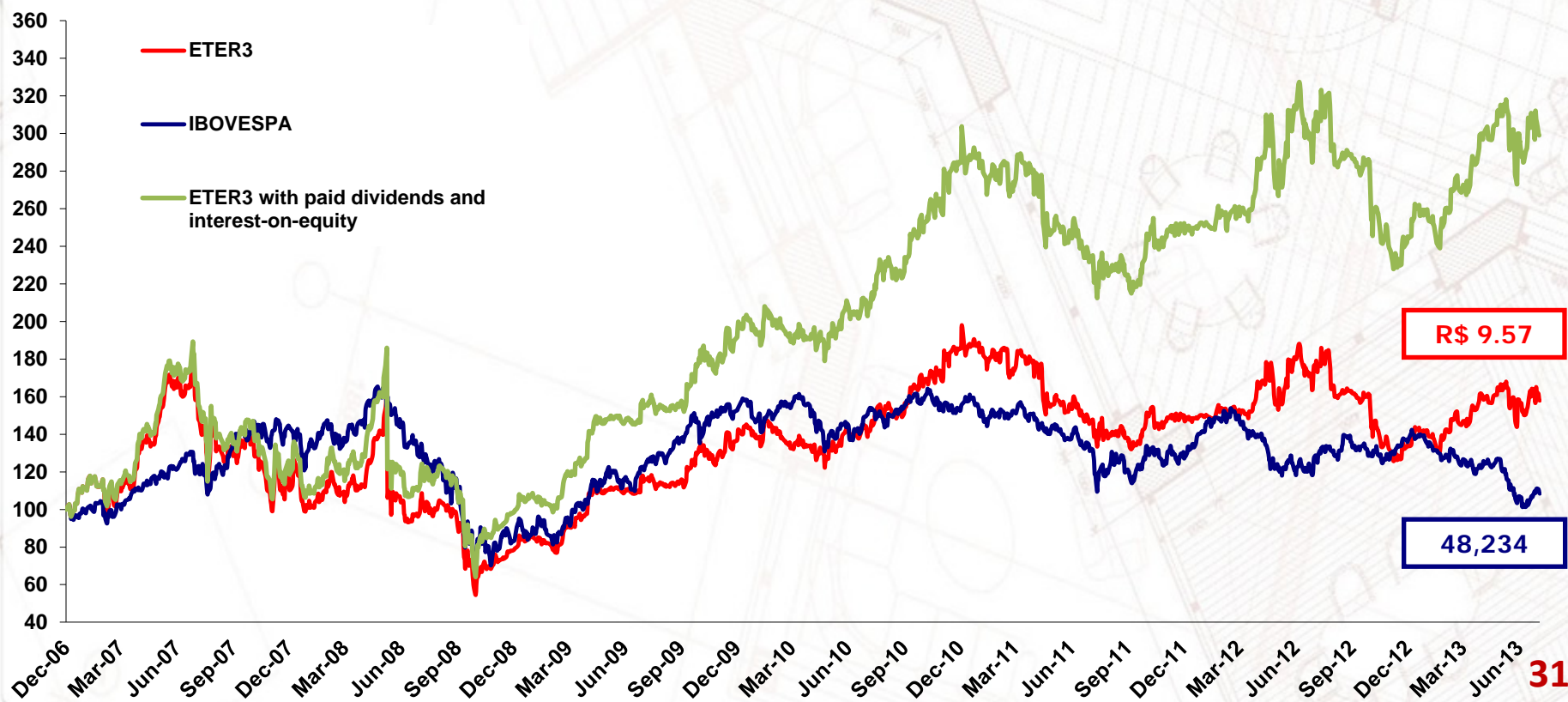
Pay Out



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

Between 12/28/2006 to 07/31/2013, Eternit's shares appreciated **57.9%** and IBOVESPA appreciated **8.5%**.

In the same period, including the payment of dividends and interest on own capital, Eternit's shares appreciated **199.0%**.



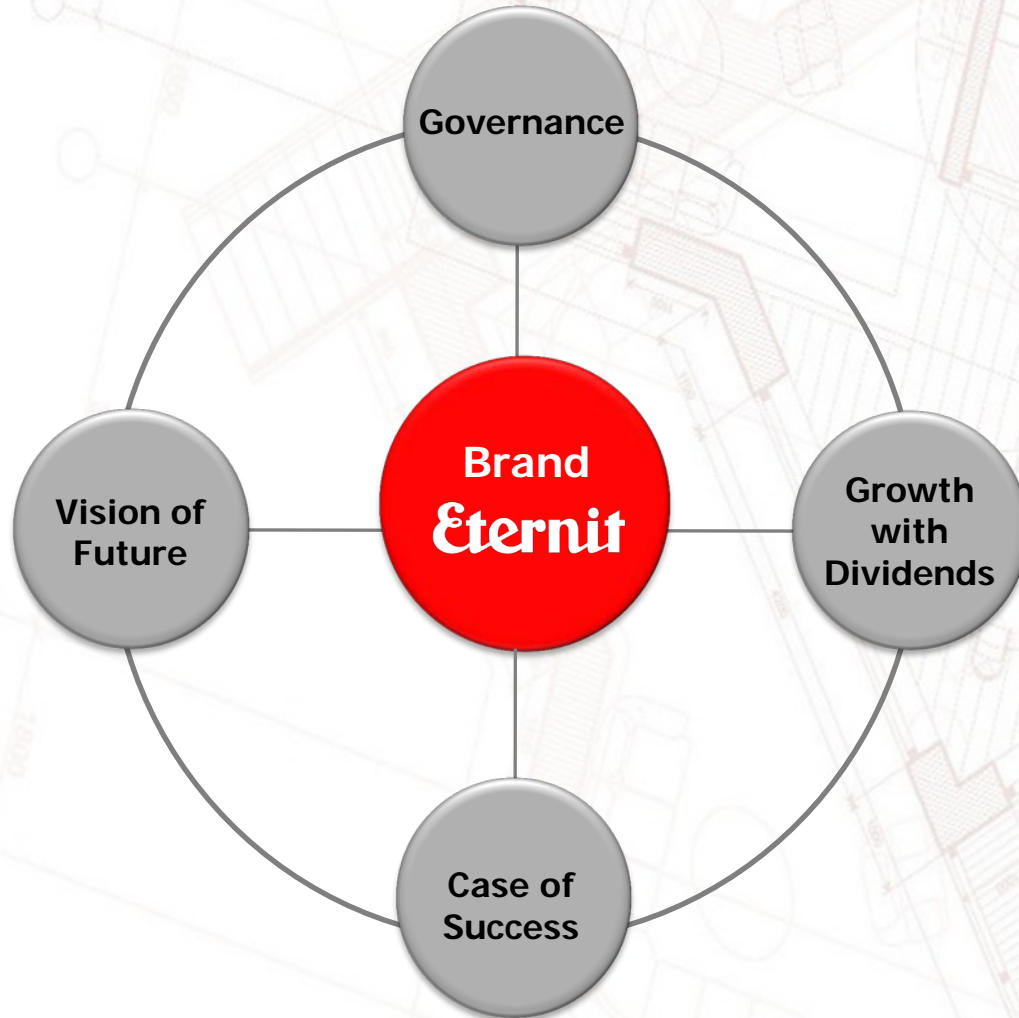
Eternit – An option for investment



ETNTY

OTC Markets

ADR - Level I



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



Eternit

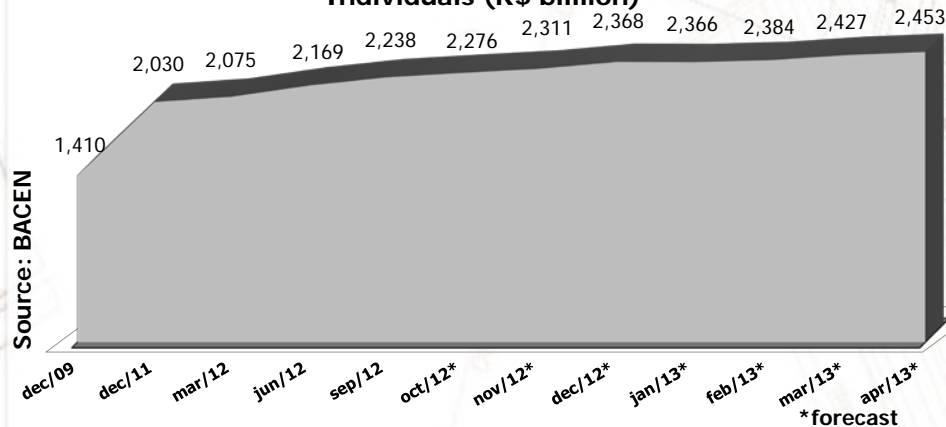


Outlook

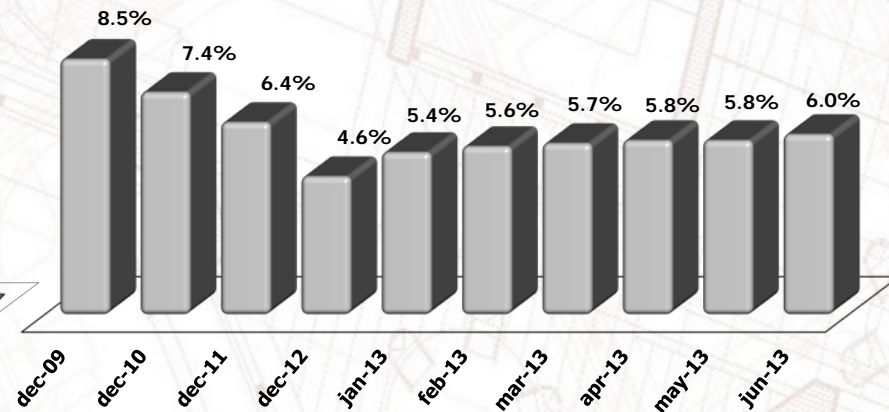
Economic Figures

Credit Availability

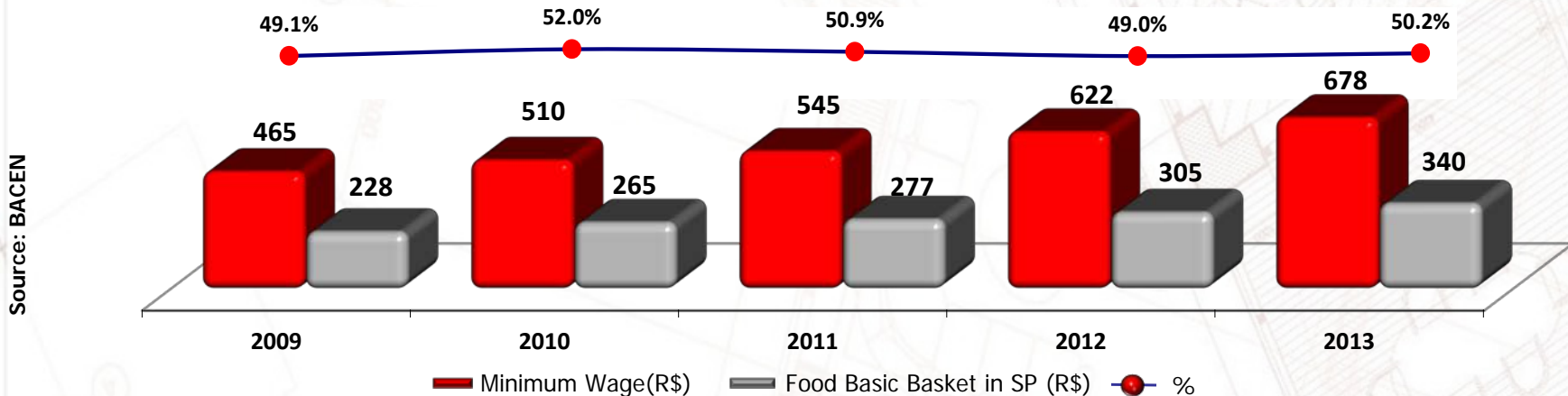
Government, Industry, Housing, Rural, Commerce, Credit Individuals (R\$ billion)



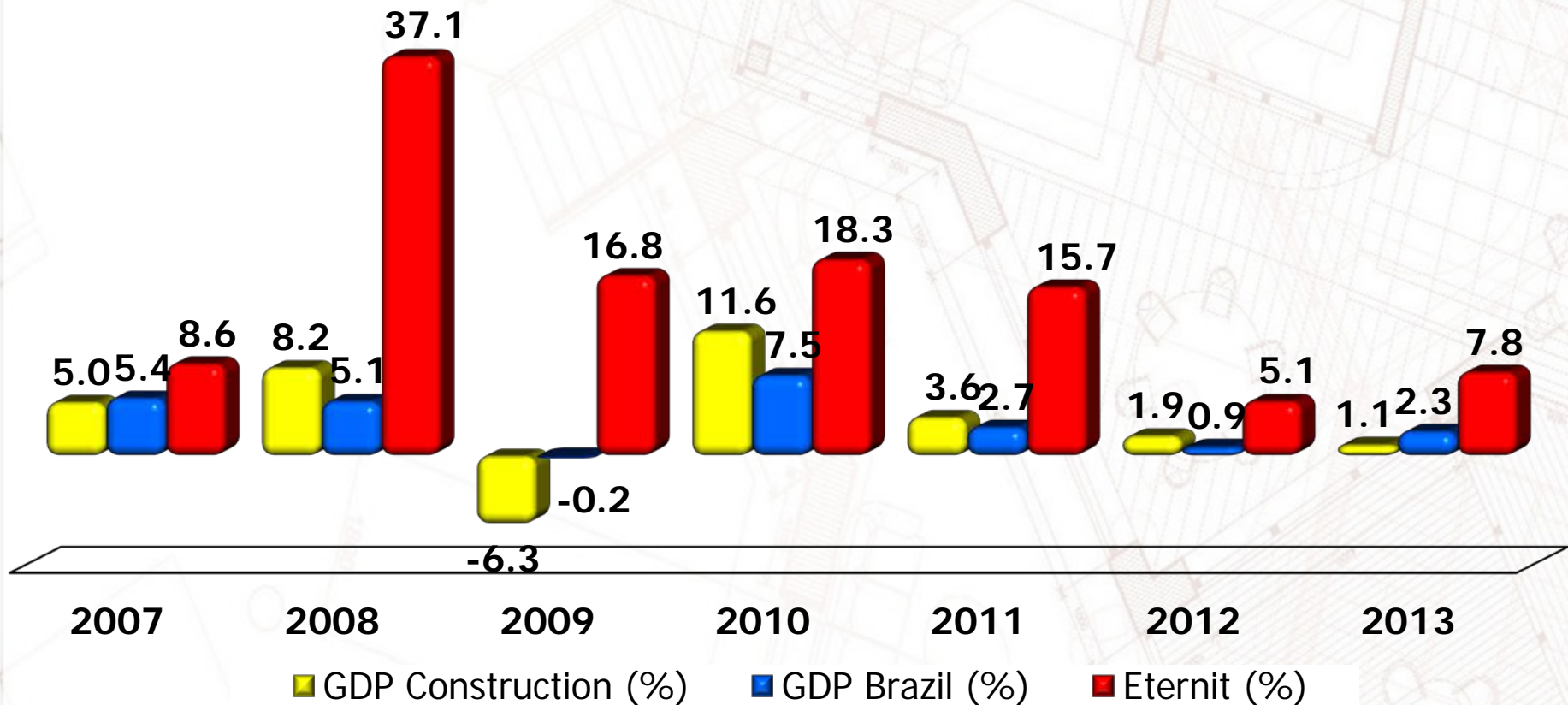
Unemployment Rate - Brazil



Food Basic Basket SP x Minimum Wage (purchasing power)



Economic Figures – GDP vs. Gross Consolidated Revenue of Eternit



(*) Source: BACEN, estimated growth of GDP Brazil and GDP construction for the year 2013.

The growth in Eternit's gross consolidated revenue compares the accumulated period from January to June 2013 against the same accumulated period for 2012, inflation adjusted for the IGP-M.

Éternit



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: $3\text{MgOSiO}_2\text{H}_2\text{O}$

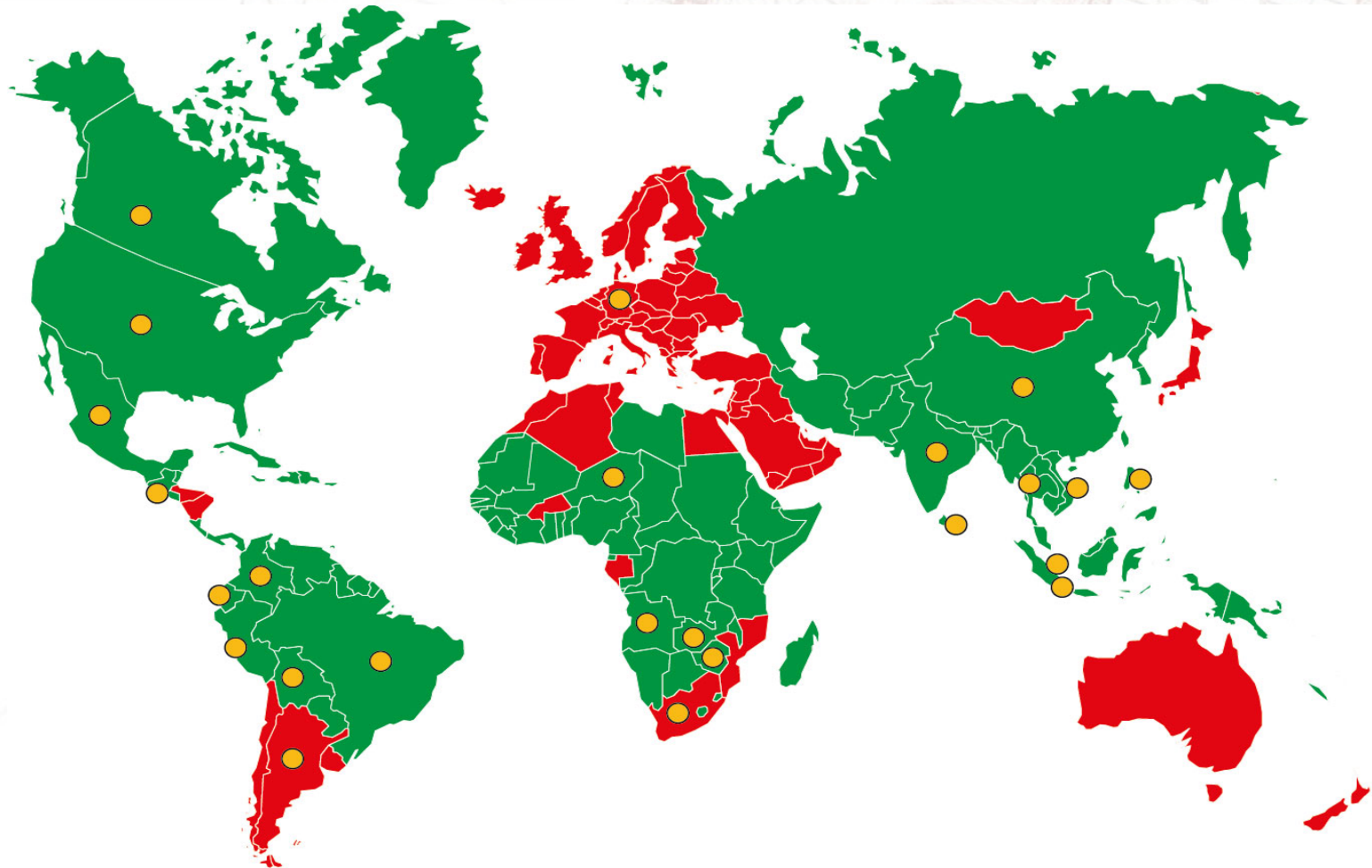
Biopersistence*: 2.5 days

*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.



Serpentinite rock with chrysotile mineral fibers

The use of chrysotile asbestos in the world



Countries with a prohibition –
around 55



Countries with a regular use –
more than 150



Countries that buys from
SAMA – more than 20

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.go.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.

Recognitions– Human Resources



SAMA: was elected as **the seventh best company to work for in Latin America**, by the Great Place to Work (GPTW), in the category of companies with more than 500 employees which is comprised of the 25 best companies in the issue of credibility, respect, fairness, pride and camaraderie.



SAMA e Precon Goiás: were elected “**Best Companies to work for in the Center-West**” by the Great Place to Work (GPTW). SAMA came 2nd and Precon Goiás came 6th place, according to the ranking published by GPTW Consulting.



Top best 100 companies in IDHO – Eternit and SAMA were awarded as being among the 100 best companies in IDHO – **Human Organizational Development Index**, by the magazine Gestão and RH.

Recognitions – Capital Markets and Products



Eternit: Best IR for individual investors – the Company's Investor Relations program, for the third year running, was elected as the best in Brazil for private individual investors in the small & mid cap category (annual net consolidated revenue of up to R\$3 billion), by IR Magazine Awards Brazil 2013.



Listed company awards – Category B – awarded by APIMEC (National Association of Capital Market Analysts and Investment Professionals), for the second year running, Eternit was outstanding in the category of companies with annual net consolidated revenue of up to R\$3 billion, and which hold at least three regional public APIMEC meetings a year.



Eternit – elected Top of Mind – Revenda Construção 2012, in the fiber-cement tile category, receiving the Ruy Ohtake trophy. Organised by Quinta Essência Pesquisas & Inteligência de Mercado and Grupo Revenda, the awards recognise those companies most active in the construction materials sector throughout the Country.

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Eternit starts a new cycle

**Welcome
to the next
70 years!**