Eternit

Consolidated net revenue of R$228.9 million in 1Q16

São Paulo, May 12, 2016 – Eternit S.A. (BM&FBOVESPA: ETER3), which was founded 76 years ago and is Brazil's leading manufacturer of roofing tiles and a manufacturer of bathroom chinaware, metal fixtures and construction solutions, announces its results for the first quarter of 2016 (1Q16). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons made in this press release are with the first quarter of 2015 (1Q15), except where stated otherwise.

1Q16

Stock Price (04/29/16)
ETER3

R$/share	1.66
US$/share	0.48

Shareholder base (04/29/16)

Total Shares	179,000,000
Free Float	84.77%

Market Capitalization (04/29/16)

R$ 297.1 million
US$ 86.1 million

Shareholder payments (2016)

R$ 0.044 per share
Dividend yield: 2.2%

Indicators - (Mar/16)

Book value (R$/shr)	2.84
Price/Book value	0.58
Price/Earnings	16.94

Conference Call/Webcast

May 13, 2016

Time: 11:00 a.m. (Brasília) – 10:00 a.m. (New York) and 3:00 p.m. (London)

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In the first quarter of 2016, Brazil's construction materials industry contracted 17.3%, with this performance weaker than that projected for the whole of the year by the Brazilian Construction Materials Industry Association (ABRAMAT). However, Eternit outperformed the overall industry in the period, despite the recession and the industry's negative growth.

Chrysotile sales volume in the quarter amounted to 52,300 tons, decreasing 25.2% from 1Q15, which is explained by the slowdown in the construction materials industry in the local market and the competitiveness of steel roofing panels in Asia resulting from the availability of iron mineral at low price, as well as by the strong competition in the export market. Fiber-cement sales volume in the quarter amounted to 197,700 tons, down 8.0% from 1Q15, reflecting the weaker demand for construction materials and the slowdown in renovations. Meanwhile, sales volume of concrete roofing tiles remained virtually stable (+0.2%).

Consolidated net revenue amounted to R$228.9 million in 1Q16, mainly due to the appreciation of 36.0% in the U.S. dollar against the Brazilian real, which partially neutralized the lower sales volumes of chrysotile mineral and fiber-cement.

Adjusted EBITDA in the quarter amounted to R$38.1 million, 23.2% lower than in 1Q15, due to the 14.8% drop in gross profit (lower sales volumes, change in sales mix and higher costs due to inflation), which exceeded the decline in operating expenses. In view of the aspects affecting Adjusted EBITDA cited above and the higher net financial expense, net income in the quarter amounted to R$8.3 million.

CAPEX came to R$3.6 million in 1Q16, declining 74.2% from the year-ago period, with the funds allocated to maintaining and modernizing the Group's industrial facilities.

The Company ended the quarter with consolidated net debt of R$126.5 million, decreasing 12.8% from the end of 4Q15.

Main Indicators

Consolidated - R$ `000	1st Quarter		
	2016	2015	% Chg.
Gross revenues	**285,609**	**321,547**	**(11.2)**
Net revenues	**228,922**	**252,719**	**(9.4)**
Gross profit	80,046	93,958	(14.8)
Gross margin	*35%*	*37%*	*- 2 p.p.*
Operating income (EBIT) [1]	**22,002**	**33,434**	**(34.2)**
Net income (loss)	**8,269**	**20,156**	**(59.0)**
Net margin	*4%*	*8%*	*- 4 p.p.*
EPS (R$/share)[2]	0.05	0.11	
CAPEX	3,645	14,138	(74.2)
EBITDA [2]	**31,870**	**43,058**	**(26.0)**
EBITDA Margin	*14%*	*17%*	*- 3 p.p.*
Adjusted EBITDA over equity pickup	**38,099**	**49,579**	**(23.2)**
Adjusted EBITDA Margin	*17%*	*20%*	*- 3 p.p.*

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

Economy and Market

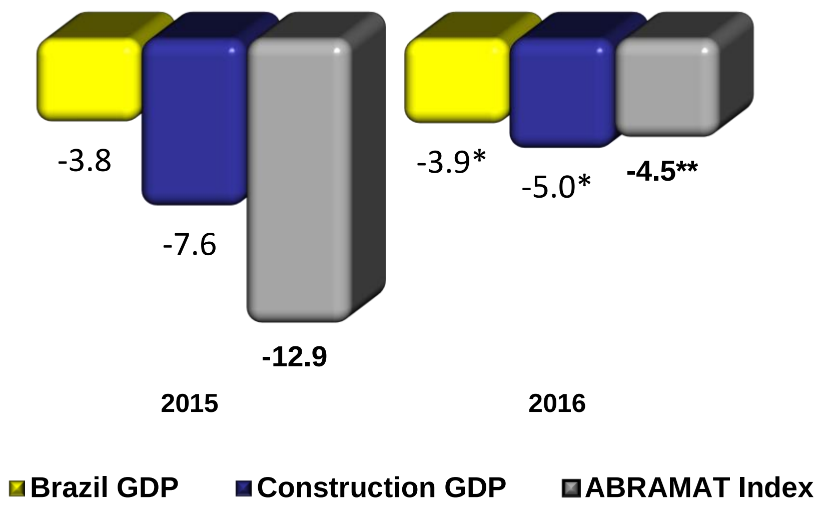
According to the central bank's Monetary Policy Committee (Copom), Brazil's recession should continue, as signaled by negative GDP growth in 4Q15 and the deterioration in importance economic indicators in the first few months of 2016, which continue to reflect the impacts from the ongoing macroeconomic adjustment, which in turn is intensified by the uncertainties arising from non-economic events. Copom also noted that, following a necessary period of adjustments, economic activity should gain momentum as business and consumer confidence improve and, in the medium term, important changes should occur in the composition of aggregate demand and supply, consumption should tend to grow at a moderate pace and investment should gain strength.

Based on this scenario, the forecasts for 2016 call for Brazil's GDP growth to contract by 3.9% and for Construction GDP to decline by 5.0% compared to 2015, based on the Market Readout of May 06, 2016 and the Inflation Report for March 2016 published by the Brazilian Central Bank (BACEN), respectively.

According to the Brazilian Construction Materials Industry Association (ABRAMAT), sales of construction materials during the first quarter of 2016, adjusted for inflation, decreased 17.3% from the year-ago period, weaker than the latest forecast calling for a contraction of 4.5% in 2016. The main factors are the adverse conditions that predominated in the second half of 2015 and early 2016, particularly higher unemployment, lower household income, weak business confidence and the exceptionally high rainfall in certain regions of the country, which postponed construction works.

In comparison, Eternit's[1] consolidated gross revenue contracted by 12.0% in 1Q16. Despite the negative result, the figure outperformed the industry average, as mentioned above. Note that in 1Q16, the Company operated at a capacity rate in line with market demand in both its chrysotile mining operation and in its line of finished products and production of fiber-cement roofing panels and concrete roofing tiles.

Brazil GDP x Construction GDP x ABRAMAT Index (%)



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

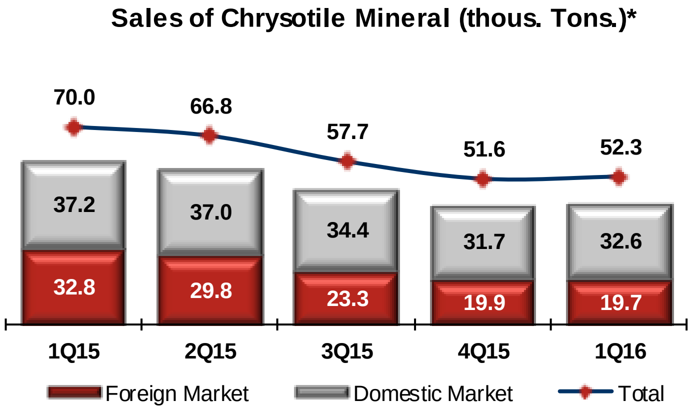
[1] Growth in Eternit's consolidated gross revenue compares January-March 2016 with the same period in 2015, deflated by the IGP-M index.

Operational and Financial Aspects

Sales

Chrysotile Mineral

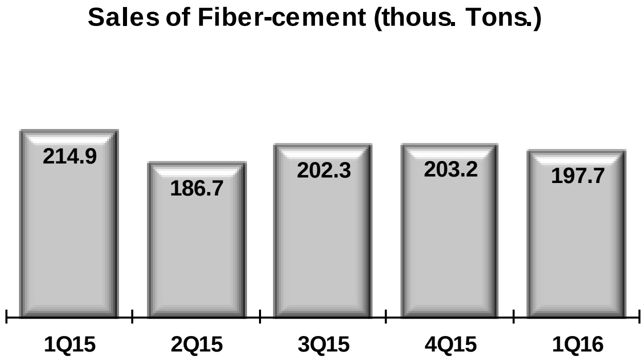
In 1Q16, chrysotile mineral sales volume amounted to 52,300 tons, down 25.2% from 2015. Domestic sales fell 12.3% in the same comparison, mainly due to the slowdown in the construction materials industry, as commented in the section "Economy and Market." Meanwhile, export sales volume contracted 39.9%, reflecting the lower competitiveness of fiber-cement roofing panels in relation to steel roofing panels in Asia resulting from the availability of iron mineral at low price and from the strong competition from mining companies in Russia and Kazakhstan.



(*) Chrysotile mineral sales volume includes intercompany sales, which accounted for 50.2% of domestic sales volume in 4Q15.

Fiber-cement

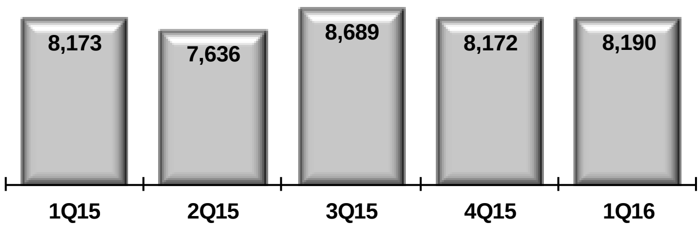
Sales volume of fiber-cement products, including construction solutions, amounted to 197,700 tons in 1Q16, down 8.0% from 1Q15. The main factor was the weaker demand for construction materials resulting from the slower pace of renovations caused by higher unemployment, more restricted credit and lower household income.



Concrete Roofing Tiles

In 1Q16, sales of concrete roofing tiles amounted to 8,190,000 units, virtually stable (up 0.2%) from 1Q15, which is explained by higher sales to homebuilders, especially those with projects concentrated in the My Home, My Life housing program, which neutralized weaker sales to resellers and end consumers due to low consumer confidence and increased economic uncertainties.

Sales of Concrete RoofingTiles (thousand pieces)

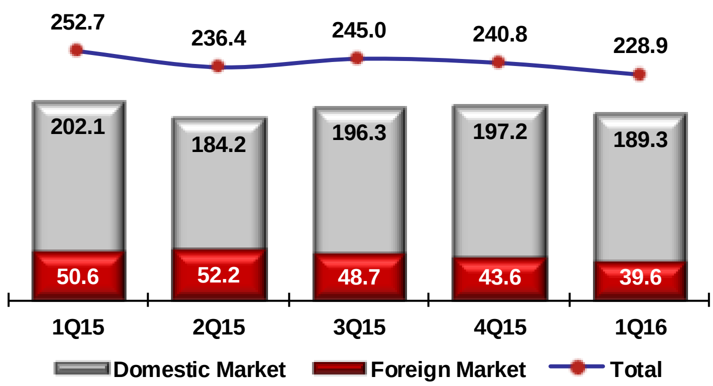


Consolidated Net Revenue

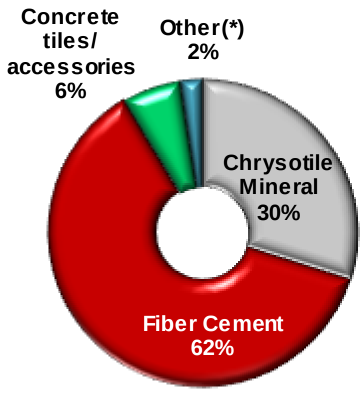
Consolidated net revenue in 1Q16 was R$228.9 million, decreasing 9.4% from 1Q15. Revenue from sales in the domestic market came to R$189.3 million, down 6.3%, mainly due to the lower sales volumes of chrysotile mineral and fiber-cement. Net revenue from exports fell 21.7% from 1Q15 to R$39.6 million, explained by the lower sales volume, which was partially neutralized by the 36.0% appreciation in the U.S. dollar against the Brazilian real (average PTAX in period).

In a comparison of 1Q16 with 1Q15, performance by product line shows net revenue contracting by 21.4% for chrysotile mineral, by 1.4% for fiber-cement and by 11.7% for concrete roofing tiles and roofing accessories to R$68.4 million, R$141.0 million and R$13.9 million, respectively.

Consolidated Net Revenue (R$ million)



Breakdown of Consolidated Net Revenue (1Q16)



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

Cost of Goods Sold

Consolidated cost goods sold in 1Q16 was R$148.9 million, decreasing 6.2% from 1Q15, mainly due to the lower sales volume in the operating segments. Gross margin contracted 2 percentage points from 1Q15 to 35%, reflecting the changes in the sales mix and higher costs due to inflation.

The main variations in the operating segments were:

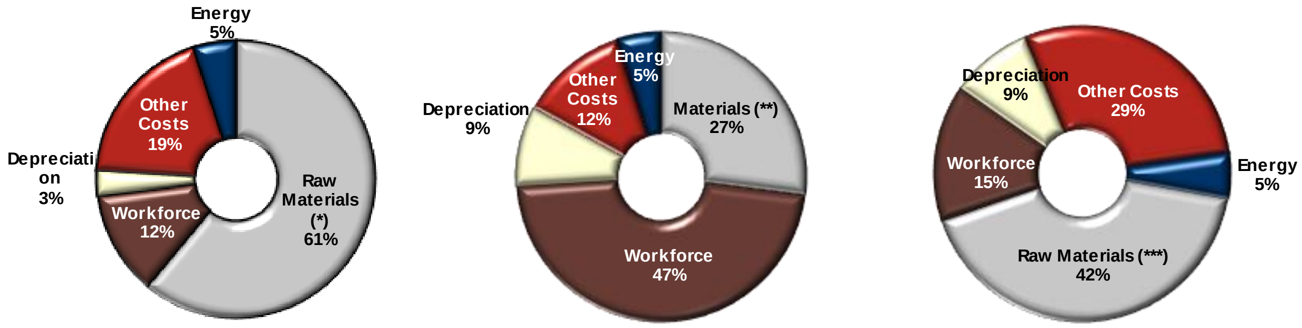
Chrysotile mineral: reduction of 13%, explained by the adjustments to capacity utilization to optimize inventory levels, by lower sales volume and by higher electricity rates.

Fiber-cement: contraction of 1% due to lower sales volume, with other factors including higher raw material prices and higher electricity rates.

Concrete roofing tiles: increase of 2%, due to higher costs with labor and packaging, higher electricity rates and the low capacity utilization rate.

Breakdown of Cost (1Q16)

Fiber-cement | Chrysotile Mineral | Concrete Roofing Tiles



* Raw materials: cement (40%), chrysotile mineral (40%) and other (20%).

**Materials: fuel, explosives, packaging, etc.

***Raw materials: cement (53%), sand (31%) and other (16%).

Operating Expenses

Total operating expenses in 1Q16 decreased 4.1% from the prior-year period, mainly due to:

Selling expenses: decrease of 3.8% on lower sales volumes of chrysotile mineral and fiber-cement, which neutralized the higher expenses with marketing campaigns.

General and administrative expenses: decrease of 1.8%, due to the reduction in labor following the implementation of the SAP system and the restructuring of the administrative department at the subsidiary Tégula.

Other operating income (expenses): increase of 67.7%, due to the sale of assets and social security credits and deferred PIS and COFINS tax credits from prior periods.

In R$ '000	1st Quarter		
	2016	2015	Chg. %
Selling expenses	(26,578)	(27,631)	(3.8)
General and administrative expenses	(26,835)	(27,325)	(1.8)
Other operating revenues (expenses), net	1,598	953	67.7
Total operating expenses	**(51,815)**	**(54,003)**	**(4.1)**
Percetage of net revenue	*23%*	*21%*	*2 p.p.*

Equity Pickup

Equity pickup refers to the proportional gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 1Q16, equity pickup was negative R$6.2 million, compared to negative R$6.5 million in 1Q15.

Net Financial Result

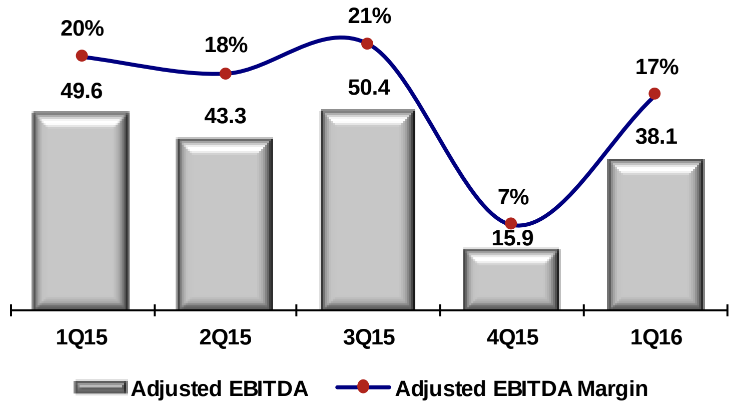
The net financial result in 1Q16 was an expense of R$5.8 million, compared to an expense of R$1.6 million in 1Q15, mainly due to the effects from the exchange variation loss on the Company's foreign-denominated debt, as well as higher interest on financing and lower gains from investments.

In R$ '000	1st Quarter		
	2016	2015	Chg. %
Financial expenses	(29,399)	(22,285)	31.9
Financial income	23,633	20,668	14.3
Net financial result	**(5,766)**	**(1,617)**	**256.6**

Adjusted EBITDA

In 1Q16, adjusted EBITDA came to R$38.1 million, down 23.2% from 1Q15, due to the 14.8% reduction in gross profit (lower sales volume, change in sales mix and higher costs due to inflation), which exceeded the decline in operating expenses. As a result, adjusted EBITDA margin contracted 3 percentage points from 1Q15 to end 1Q16 at 17%.

Adjusted EBITDA (R$ million) and Adjusted EBITDA margin (%)



Reconciliation of consolidated EBITDA - (R$'000)	1st Quarter		
	2016	2015	% Chg.
Net income	**8,269**	**20,156**	**(59.0)**
Income tax and social contributions	7,967	11,661	(31.7)
Net financial Income	5,766	1,617	256.6
Depreciation and amortization	9,868	9,624	2.5
EBITDA[1]	**31,870**	**43,058**	**(26.0)**
Equity pickup	6,229	6,521	(4.5)
Adjusted EBITDA over equity pickup[2]	**38,099**	**49,579**	**(23.2)**

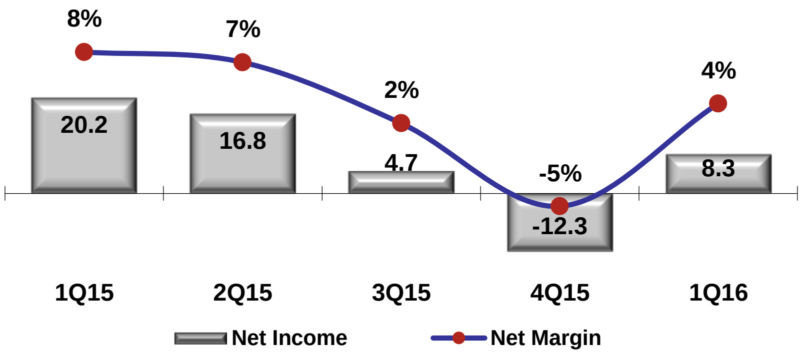
¹ With the operational startup of Companhia Sulamericana de Cerâmica (CSC), its results are included in consolidated EBITDA in accordance with the equity pickup method, in conformity with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

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

Net income

In 1Q16, Eternit posted net income of R$8.3 million, compared to net income of R$20.2 million in 1Q15. Net margin decreased 4 percentage points to end the period at 4%, due to the factors mentioned in the section Adjusted EBITDA and the higher net financial expense.

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



Eternit

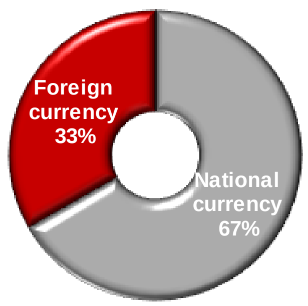
Debt

The Company ended 1Q16 with net debt of R$126.5 million, equivalent to 0.86 times adjusted EBITDA in the last 12 months. In the period, the gross debt of Eternit and its subsidiaries amounted to R$148.0 million, mainly due to: (i) the Bank Credit Notes (CCB) and Export Credit Notes (NCE) contracted to meet working capital needs; and (ii) the financing facilities for the acquisition of machinery and equipment.

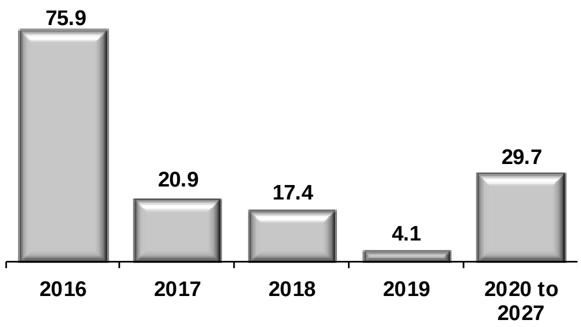
Cash, cash equivalents and short-term investments amounted to R$21.5 million, with investments remunerated at an average rate corresponding to 94.4% of the variation in the CDI rate.

DEBT - R$ ´000	Parent Company		Consolidated	
	03/31/16	12/31/15	03/31/16	12/31/15
Short- term gross debt	7,334	6,327	75,920	90,307
Long-term gross debt	13,647	16,294	72,078	76,954
Cash and cash equivalents	(5,517)	(2,850)	(15,757)	(5,578)
Short-term investments (same cash equivalents)	-	(3,114)	(5,791)	(16,734)
Net debt	**15,464**	**16,657**	**126,450**	**144,949**
EBITDA (last 12 months)	35,442	46,452	120,356	131,544
Net debt / EBITDA x	**0.44**	**0.36**	**1.05**	**1.10**
Adjusted EBITDA over equity pickup (last 12 months)	(1,954)	1,336	147,725	159,205
Net debt / Adjusted EBITDA x	**(7.91)**	**12.46**	**0.86**	**0.91**
Net debt / Equity	**3.0%**	**3.3%**	**24.9%**	**29.0%**

Origin of Debt (%)



Repayment Schedule (R$ '000)

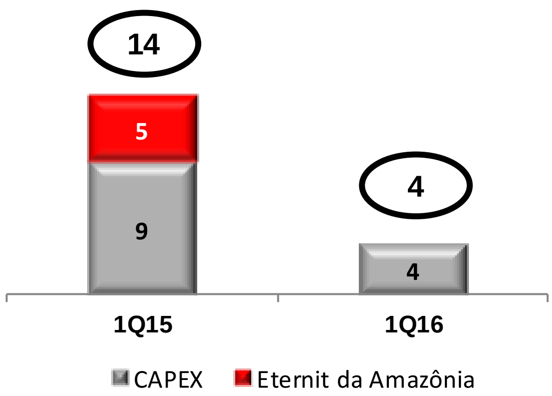


Foreign-denominated debt in 1Q16 was 100% naturally hedged by accounts receivable in foreign currency from chrysotile exports.

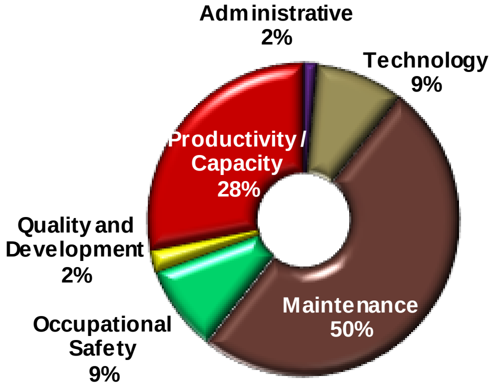
CAPEX

In line with its strategy to consolidate the investments already made in recent years, CAPEX by Eternit and its subsidiaries in 1Q16 amounted to R$3.6 million, down 74.2% from 1Q15, with the funds allocated to maintaining and modernizing the Group's industrial facilities.

Consolidated CAPEX (R$'000)



CAPEX Distribution (1Q16)



Capital markets

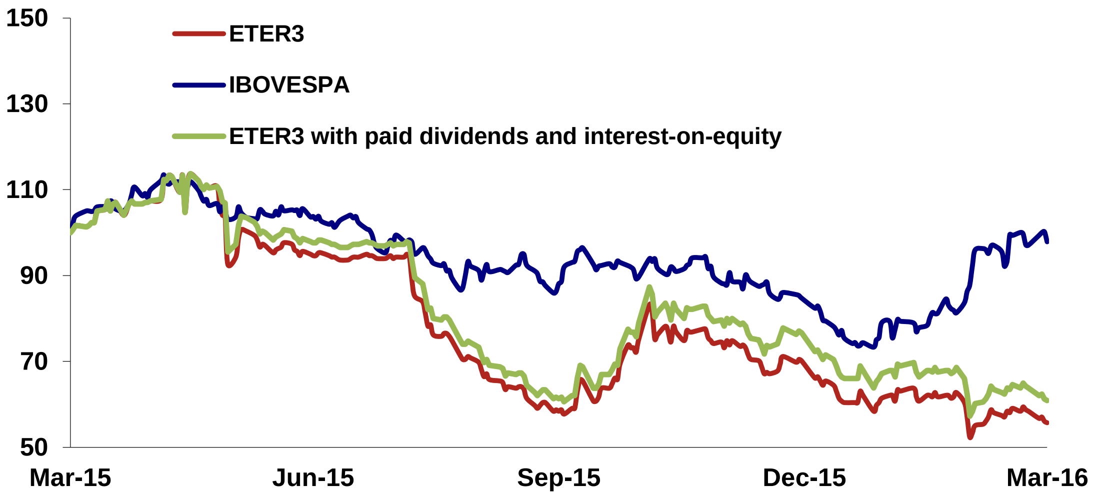
Eternit has been listed on the stock exchange since 1948 and since 2006 its stock has been traded on the Novo Mercado, the segment of the São Paulo Stock Exchange (BM&FBOVESPA) with the highest corporate governance standards, under the stock ticker ETER3.

With highly disperse ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 70.9% of the shareholder base on March 31, 2016, while foreign investors accounted for 7.9% and legal entities, clubs, investment funds and foundations accounted for 21.2%. As of March 2016, only three shareholders held more than a 5% interest in the capital stock, with an aggregate interest of 35.2%, and the Executive Board held a 1.0% interest in capital stock.

Eternit stock (ETER3) was quoted at R$1.66 in March 2016, representing a decline of 44.3% from March 2015. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 50,055 points, representing a decline of 2.1%. On March 31, 2016, Eternit's market capitalization stood at R$297.1 million.

Capital Markets					
ETERNIT (ETER3)	1Q15	2Q15	3Q15	4Q15	1Q16
Closing Price (R$/Share) - Without dividends	2.98	2.82	1.74	2.09	1.66
Average Volume Traded (Shares)	127,643	217,902	169,306	217,792	237,653
Average Volume Traded (R$)	390,795	655,679	381,526	442,848	410,543
ETER3 - Quarterly Profitability (%)	-	-5.4	-38.3	20.1	-20.6
ETER3 - 12 Months Profitability (%)	-	-33.6	-55.8	-35.7	-44.3
IBOVESPA - Quarterly Profitability (%)	-	3.8	-15.1	-3.8	15.5
IBOVESPA - 12 Months Profitability (%)	-	-0.2	-16.7	-13.3	-2.1
Market Capitalization (R$ Million)	533.4	504.8	311.5	374.1	297.1

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



Dividends and Interest on Equity

In 2016, the dividend yield[2] is 9.0% and payments to shareholders in the form of dividends and interest on equity comes to R$7.9 million, corresponding to R$ 0.044 per share.

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

Dividends Distribution (2014 to 2015)				
Approval Date	Type	Payment Start Date	Total Value R$ 000	Value per Share (R$)
		2015		
12/19/14 (*)	BDM	03/31/15	5,905	0.0330
03/11/15 (*)	BDM	03/31/15	11,989	0.0670
05/13/15	BDM	06/03/15	6,621	0.0370
05/13/15	BDM	06/03/15	11,273	0.0630
08/05/15	BDM	08/18/15	7,336	0.0410
08/05/15 (**)	BDM	08/18/15	1,610	0.0090
11/04/15	BDM	11/17/15	7,873	0.0440
Total			**52,608**	**0.2940**
Closing Price			-	**3.25**
Dividend Yield			-	**9.0%**
		2016		
12/16/15(*)	BDM	04/13/16	7,873	0.0440
Total			**7,873**	**0.0440**
Closing Price			-	**1.97**
Dividend Yield			-	**2.2%**

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

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

Election of the Board of Directors, Audit Board and Advisory Board

At the Annual Shareholders Meeting (ASM) held on April 27, 2016, the following directors were reelected to the Board of Directors: Luis Terepins (Chairman), Luiz Barsi Filho, Marcelo Gasparino da Silva, Marcelo Munhoz Auricchio, and Raphael Manhães Martins; and the following were elected as independent directors, in accordance with the Novo Mercado Regulation of the BM&FBOVESPA: Manoel Arlindo Zaroni Torres and Marcelo Amaral Moraes. The term of office is for two years, until the Annual Shareholders Meeting of 2018.

On the Audit Board, André Eduardo Dantas, Luciano Luiz Barsi and Pedro Paulo de Souza were elected as members, as well as their respective alternates. The term of office is for one year, until the next Annual Shareholders Meeting. Note that the Audit Board is not a standing body.

On the Advisory Board, Leonardo Deeke Boguszewski, Luiz Barsi Filho and Victor Adler were elected as members. The term of office is for one year, until the next Annual Shareholders Meeting. Note that the Advisory Board is not a standing body.

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

Legal issues involving chrysotile mineral

Public-interest Civil Action pending in the Labor Court of São Paulo

This action addresses matters related to the workplace and occupational health at the industrial unit whose activities were shut down in the early 1990s. In parallel to this action, another Public-Interest Civil Action was filed by the Brazilian Association of Persons Exposed to Asbestos (ABREA), also in the Labor Court, for which reason the two actions were merged by court order. The actions claim payment of compensation for collective and individual pain and suffering, among other things. On March 1, 2016, both actions received partially favorable decisions for plaintiff in the lower court. Note that a portion of the lower court's decision was considered a probable loss by the Company's legal advisors. A provision was accrued considering the uncertainties involving the amount recognized by various means, based on the circumstances. The accounting standards (CPC 25,39) require that the measurement of provisions involving a large variety of items be estimated in accordance with a weighting of all possible outcomes based on their associated probabilities.

Eternit will take all applicable legal measures to challenge the decision in the higher courts and has already filed an Appeal.

Outlook

In line with the economic scenario marked by uncertainties, waning consumer confidence and contracting industrial activity, the consensus forecast for GDP growth in 2016 is for contraction of 3.9%, according to the central bank's Market Readout of April 29, 2016. Meanwhile, Construction GDP is expected to contract by 5.0%, based on the central bank's Inflation Report for March 2016, which reflects the contraction in the homebuilding industry, which has been affected by credit restrictions and high inventories of finished units.

Brazil's housing deficit, which is estimated by the João Pinheiro Foundation at 5.8 million units (2013 – White Paper), is formed by families excessively burdened by high rents and cohabitation of families, which represents over 75% of the country's housing shortage, followed by precarious living conditions and excessive density in rented homes. Although the federal government's housing program "My Home, My Life" has reduced this housing deficit, according to a study by the Fundação Getulio Vargas (FGV) in 2014, estimates indicate that in 2024, considering population growth, Brazil will have approximately 16.4 million new households, of which 10 million will have household income of up to three minimum wages.

Job creation, better income distribution, increased credit and higher investments in infrastructure and in the units built under My Home, My Life will help reduce the housing problem, which will have a positive impact on the Company's business, given the stronger demand for the products in our portfolio, which primarily target self-managed construction projects.

For the construction materials industry, the Brazilian Construction Materials Industry Association (ABRAMAT) projects contraction of 4.5% in real sales for 2016 compared to 2015. In view of this scenario, ABRAMAT projects that the downward trend in its indicators should continue in the coming months, after having already decreased 17.3% in 2016.

Eternit believes it is important to take into consideration the following challenges facing the country and its industry: the competitive conditions of Brazil's industrial sector, given the infrastructure bottlenecks, tax aspects and weaker local currency, maintenance of employment and income levels, sustainable economic policies and increase in business and consumer confidence. Regardless of the above-mentioned challenges, the Company believes in the recovery of growth of the Brazilian economy and, especially, of its industry.

For the fiber-cement segment, Eternit will draw on the strength of its brand and its network of over 15,000 resellers to minimize the effects of the crisis and operate its plants at maximum capacity utilization rates. In the chrysotile mining and concrete roofing tile segments, capacity utilization should accompany market demand. The operations of the latter segment were optimized to function with five units, while production at the São José do Rio Preto unit was suspended. The efforts will focus on reducing operating costs and expenses, optimizing distribution logistics and boosting competitiveness to meet the more intense competition during this moment marked by the low utilization of installed capacity.

In keeping with its strategy of diversified organic growth, the Company began testing equipment at its unit for the research, development and production of construction material inputs in the city of Manaus, Amazonas, and produced and sold the first experimental industrial lots of polypropylene yarns with applications for fiber-cement on an industrial scale.

Meanwhile, the bathroom chinaware unit in the state Ceará overcame important bottlenecks over the course of 2015, such as a reduction of low-value imported goods to complement production and meet demand, the conclusion of the commissioning by the concessionaire of the natural gas line for use at the production site and the continuous evolution in production indicators. In 2016, this business is offering a more diversified portfolio to enhance the profitability of the business.

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

Management continues to closely monitor the developments and impacts of the current macroeconomic scenario and to conduct its operations with financial discipline and advance its policy of deleveraging with a strong focus on the sustainability of its business in order to consolidate Eternit's position as the leading supplier of raw materials, products and solutions to the construction industry.

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

The Executive Board of **Eternit** invites you to participate in the reporting of its results for the first quarter of 2016.

Presentation: Rodrigo Lopes da Luz, CFO and IR
Date: Friday, May 13, 2016
Time: 11:00 a.m. Brasília - 10:00 a.m. New York - 3:00 p.m. London

The presentation, which is accompanied by slides, can be viewed online by registering at **www.ccall.com.br/eternit/1Q16.htm** or on Eternit's investor relations website: **www.eternit.com.br/ir**

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

Playback: a recording of the call will be available from **May 13, 2016** to **May 19, 2016**
Dial-in: **+55 (11) 3193-1012 or 2820-4012** – Access code for participants: **1418345#**

Investor Relations		
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Eternit

ETERNIT S.A.

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	03/31/16	12/31/15	03/31/16	12/31/15
Current	**259,666**	**233,315**	**428,779**	**412,320**
Cash and cash equivalents	5,517	2,850	15,757	5,578
Short-term investments	-	3,114	5,791	16,734
Accounts receivable	81,559	73,337	173,752	172,342
Related parties	34,328	30,447	3,665	2,818
Inventories	119,656	108,428	192,173	184,383
Recoverable taxes	6,602	7,638	14,518	15,083
Other current asset	12,004	7,501	21,170	15,382
Assets held for sale	**-**	**-**	**1,953**	**-**
Assets held for sale	-	-	1,953	-
Non-current	**489,505**	**493,500**	**510,641**	**520,874**
Related parties	10,382	9,711	-	-
Deferred income and social contribution taxes	34,537	34,264	65,037	63,823
Recoverable taxes	24,041	24,081	24,666	24,765
Judicial deposits	14,745	11,576	22,337	19,003
Investments	245,046	251,659	18,553	24,782
Plant, property and equipment, net	153,723	154,920	346,159	354,047
Intangible assets	6,693	6,950	31,082	31,647
Other non-current asset	338	339	2,807	2,807
Total assets	**749,171**	**726,815**	**939,420**	**933,194**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	03/31/16	12/31/15	03/31/16	12/31/15
Current Liabilities	**104,301**	**84,283**	**211,449**	**205,820**
Trade accounts payable	32,787	23,922	53,997	41,420
Related parties	17,572	12,256	-	-
Loans and financing	7,334	6,327	75,920	90,307
Taxes, charges and contributions payable	13,050	10,697	22,088	19,867
Provision and social charges	17,250	14,858	31,716	27,722
Dividends and interest on equity payable	7,476	7,534	7,476	7,534
Provision for future benefits to former employees	2,749	2,749	4,890	4,890
Other current liabilities	6,083	5,940	15,362	14,080
Non-Current	**136,461**	**142,434**	**219,545**	**227,258**
Loans and financing	13,647	16,294	72,078	76,954
Related parties	41,703	40,728	-	-
Provision for future benefits to former employees	32,286	31,839	44,798	44,437
Provision for civil, tax and labor contigencies	47,315	47,096	85,014	84,281
Deferred income and social contribution taxes	1,510	6,477	4,734	8,969
Provision for demobilization mining areas	-	-	12,921	12,617
Other non-current liabilities	-	-	-	-
Equity	**508,409**	**500,098**	**508,426**	**500,116**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,460	19,460	19,460	19,460
Treasury stock	(174)	(174)	(174)	(174)
Other Comprehensive Income	(9,177)	(9,177)	(9,177)	(9,177)
Fiscal period results	-	-	-	-
Income reserves	164,049	155,738	164,049	155,738
Net equity attributable to non-minority shareholders	**508,409**	**500,098**	**508,409**	**500,098**
Minority shareholders	-	-	17	18
Total Liablities and equity	**749,171**	**726,815**	**939,420**	**933,194**

ETERNIT S.A. (PARENT COMPANY)

Income Statements

Corporate Law

R$ ´000	1st Quarter		
	2016	2015	% Chg.
Gross revenues	**170,063**	**178,520**	**(4.7)**
Gross revenues deductions	(38,633)	(46,595)	(17.1)
Net revenues	**131,430**	**131,925**	**(0.4)**
Cost of products sold	(99,672)	(99,247)	0.4
Gross profit	**31,758**	**32,678**	**(2.8)**
Gross margin	***24%***	***25%***	
Operating revenues (expenses)	**(28,870)**	**(26,163)**	**10.3**
Sales	(14,415)	(14,247)	1.2
General and administrative	(12,722)	(12,541)	1.4
Other operating (expenses) revenues, net	(1,733)	625	-
Operating income before equity pickup (EBIT)	**2,888**	**6,515**	**(55.7)**
EBIT margin	***2%***	***5%***	
Equity pickup	7,546	15,266	(50.6)
Operating income before financial expenses (EBIT)	***10,434***	***21,781***	**(52.1)**
Net financial income	**(694)**	**(1,684)**	**(58.8)**
Financial expenses	(13,534)	(4,159)	225.4
Financial income	12,840	2,475	418.8
Income before tax and social contribution	**9,740**	**20,097**	**(51.5)**
Current	(1,743)	-	-
Deferred	273	59	367.3
Net income	**8,270**	**20,156**	**(59.0)**
Net margin	***6%***	***15%***	
Earnings (Loss) per share - R$	0.05	0.11	
EBITDA	**14,075**	**25,085**	**(43.9)**
EBITDA margin	***11%***	***19%***	

ETERNIT S.A. (CONSOLIDATED)

Income Statements

Corporate Law

R$ ´000	1st Quarter		
	2016	2015	% Chg.
Gross revenues	**285,609**	**321,547**	**(11.2)**
Gross revenues deductions	(56,687)	(68,828)	(17.6)
Net revenues	**228,922**	**252,719**	**(9.4)**
Cost of products sold	(148,876)	(158,761)	(6.2)
Gross profit	**80,046**	**93,958**	**(14.8)**
Gross margin	***35%***	***37%***	
Operating revenues (expenses)	**(51,815)**	**(54,003)**	**(4.1)**
Sales	(26,578)	(27,631)	(3.8)
General and administrative	(26,835)	(27,325)	(1.8)
Other operating (expenses) revenues, net	1,598	953	67.7
Operating income before equity pickup (EBIT)	**28,231**	**39,955**	**(29.3)**
EBIT margin	***12%***	***16%***	
Equity pickup	(6,229)	(6,521)	(4.5)
Operating income before financial expenses (EBIT*)	***22,002***	***33,434***	**(34.2)**
Net financial income	**(5,766)**	**(1,617)**	**256.6**
Financial expenses	(29,399)	(22,285)	31.9
Financial income	23,633	20,668	14.3
Income before tax and social contribution	**16,236**	**31,817**	**(49.0)**
Current	(9,182)	(13,951)	(34.2)
Deferred	1,215	2,290	(47.0)
Net income (loss)	**8,269**	**20,156**	**(59.0)**
Net margin	***4%***	***8%***	
Earnings (Loss) per share - R$	0.05	0.11	
EBITDA	**31,870**	**43,058**	**(26.0)**
EBITDA margin	***14%***	***17%***	
Adjusted EBITDA over equity pickup	**38,099**	**49,579**	**(23.2)**
Adjusted EBITDA margin	***17%***	***20%***	

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

ETERNIT S.A.

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	03/31/16	09/30/14	03/31/16	09/30/14
Operating activities:				
Income before income and social contribution taxes	**9,740**	**20,097**	**16,236**	**31,817**
Adjustments to reconcile pre-tax income with net cash provided by operating activities:				
Equity pickup	(7,546)	(15,266)	6,229	6,521
Depreciation and amortization	3,641	3,304	9,868	9,624
Gain (loss) from disposal of permanent assets	-	7	(3,080)	(3)
Provision for impairment losses on accounts receivable	308	478	462	880
Provision for civil, tax and labor contigencies	491	(1,171)	1,449	(318)
Provision (reversal) for sundry losses	399	20	(48)	740
Financial charges, monetary changes and foreign exchange variation	(637)	1,108	3,319	(8,847)
Short-term investment yield	-	(508)	(145)	(1,256)
Net changes in prepaid expenses	1,822	704	2,105	1,213
	8,218	**8,773**	**36,395**	**40,371**
(Increase) decrease in operating assets:				
Trade accounts receivable	(8,530)	(13,133)	(8,076)	(26,019)
Related parties receivable	3,706	1,738	(847)	1,435
Inventories	(11,181)	6,861	(7,743)	10,547
Recoverable taxes	3,386	(249)	1,382	(83)
Judicial deposits	(3,168)	(44)	(3,334)	(442)
Received dividends	6,250	14,361	-	-
Other assets	(6,317)	(1,129)	(7,886)	(3,377)
Increase (decrease) in operating liabilities				
Trade accounts payable	8,865	1,264	12,577	2,452
Related parties payable	5,316	1,712	-	-
Taxes, charges and contribution payable	(2,867)	3,823	(1,863)	6,294
Provisions and social charges	2,392	2,462	3,994	1,805
Other liabilities	(145)	128	550	2,665
Interest paid	(218)	(120)	(3,755)	(189)
Income and social contribution taxes paid	-	-	(9,014)	(17,933)
Net cash flow from operating activities	**5,707**	**26,447**	**12,380**	**17,526**
Cash flow from investment activities				
Additions to property, plant and equipment and intangible assets	(2,232)	(6,081)	(3,645)	(14,138)
Addition to exchange gains (losses) converted into capital	45	-	45	-
Loan from related party receivable	(671)	(16,374)	-	(4,719)
Cash receipt from the sale of property, plant & equipment	0	-	3,311	10
Capital increase in subsidiaries	-	-	-	-
Short-term investments	-	(25,400)	(8,245)	(68,696)
Redemptions from short-term investments	-	30,613	19,332	72,827
Net cash flow from investment activities	**(2,858)**	**(17,242)**	**10,798**	**(14,716)**
Cash flow from financing activities				
Loans and financing raised	1,976	1,395	175,329	55,369
Loan w ith related party	(176)	5,213	-	-
Amortization of loans and financing	(1,982)	(305)	(188,328)	(43,549)
Payment of dividends and interest on equity	-	(17,136)	-	(17,136)
Net cash flow from financing activities	**(182)**	**(10,833)**	**(12,999)**	**(5,316)**
Increase (decrease) in cash and equivalents	**2,667**	**(1,628)**	**10,179**	**(2,506)**
Cash and equivalents:				
At the beginning of the year	2,850	5,711	5,578	13,367
At the end of the year	5,517	4,083	15,757	10,861
	2,667	**(1,628)**	**10,179**	**(2,506)**