

**Eternit**



**Conference Call – Earning Results 1Q13 – 05/07/2013**





## 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 1Q13 (when compared to 1Q12)

- Sales volume:
  - ✓ Chrysotile mineral: reduction of 17.4%
  - ✓ Fiber cement: growth of 6.9%
  - ✓ Concrete tiles: retraction of 13.4%
- Net Consolidated Revenue amounted to R\$ 211.3 million, growth of 0.5%
- Gross Margin of 40%, reduction of 5 p.p.
- EBTIDA was R\$ 38.8 million, a 16.0% reduction and margin of 18%
- Net Income reached R\$ 21.5 million, a retraction of 28.2%
- Investments reached R\$ 17.8 million, evolution of 264.2%
- Setting up of 13th unit of the Eternit Group in Manaus
- Launch of the tile Tégula Prime

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

				
<b>Activity</b>	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
<b>Industrial Units</b>	4	1	1	6
<b>Market Share</b>	Leader in fiber cement – 30% of Market Share		The world's 3 <sup>rd</sup> largest – 15% of Market Share	Leader in concrete tiles – 30% of Market Share
	5 <sup>th</sup> largest of Brazil in sanitary ware			
<b>Capacity</b>	1 million tons / fiber cement		300 thousand tons	10 million m <sup>2</sup>
<b>Capacity Used</b>	Fiber cement - 80%		100%	60%



Serpentinite rock with chrysotile mineral fibers

## Chrysotile Mineral

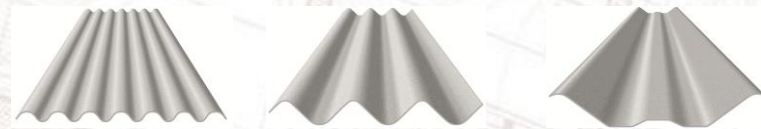


## Portfolio for roofs



### Fiber cement tiles

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### Concrete tiles

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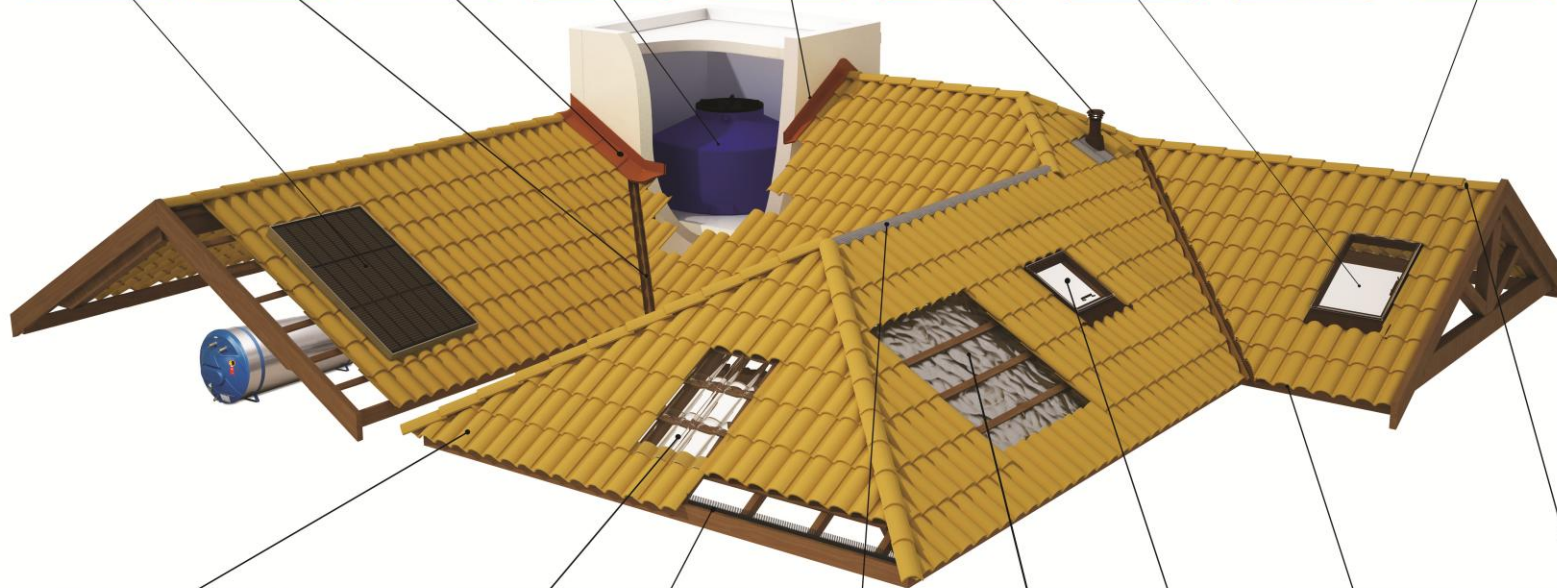


### Metallic tiles

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## Portfolio for roofs – Tégula's accessories



Rufo Topo de Parede

Resina

Top Plana

Telha Cristal

Passarinheira

TopFlex e TopFlex Air

Freshfoil

Janela Domus 4 telhas

Clipes de Fixação

Clipes de Cumeeira

## Portfolio for construction systems



### Polyethylene water tanks



### Components





## Portfolio for bathrooms



### Bathroom chinaware

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### Lavatory seats

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## Portfolio for bathrooms



### Metal bathroom fittings

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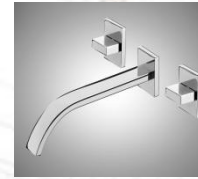


## Portfolio for kitchens



### Metal fittings for kitchens

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# Eternit

## Launch – Tégula's Prime Tiles



# Eternit



**Operational Performance**

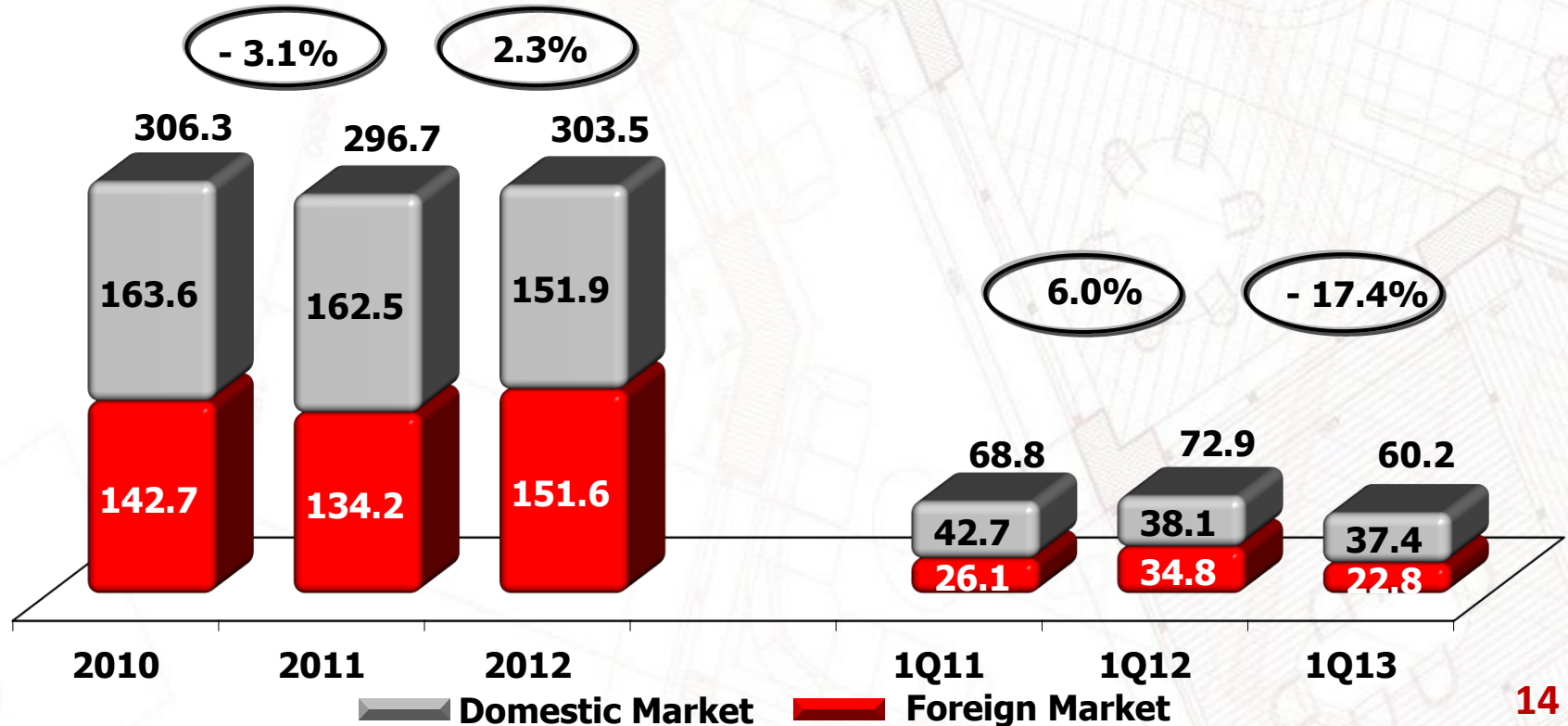
## Sales of Chrysotile Mineral (thous. tons)

2012 x 2011

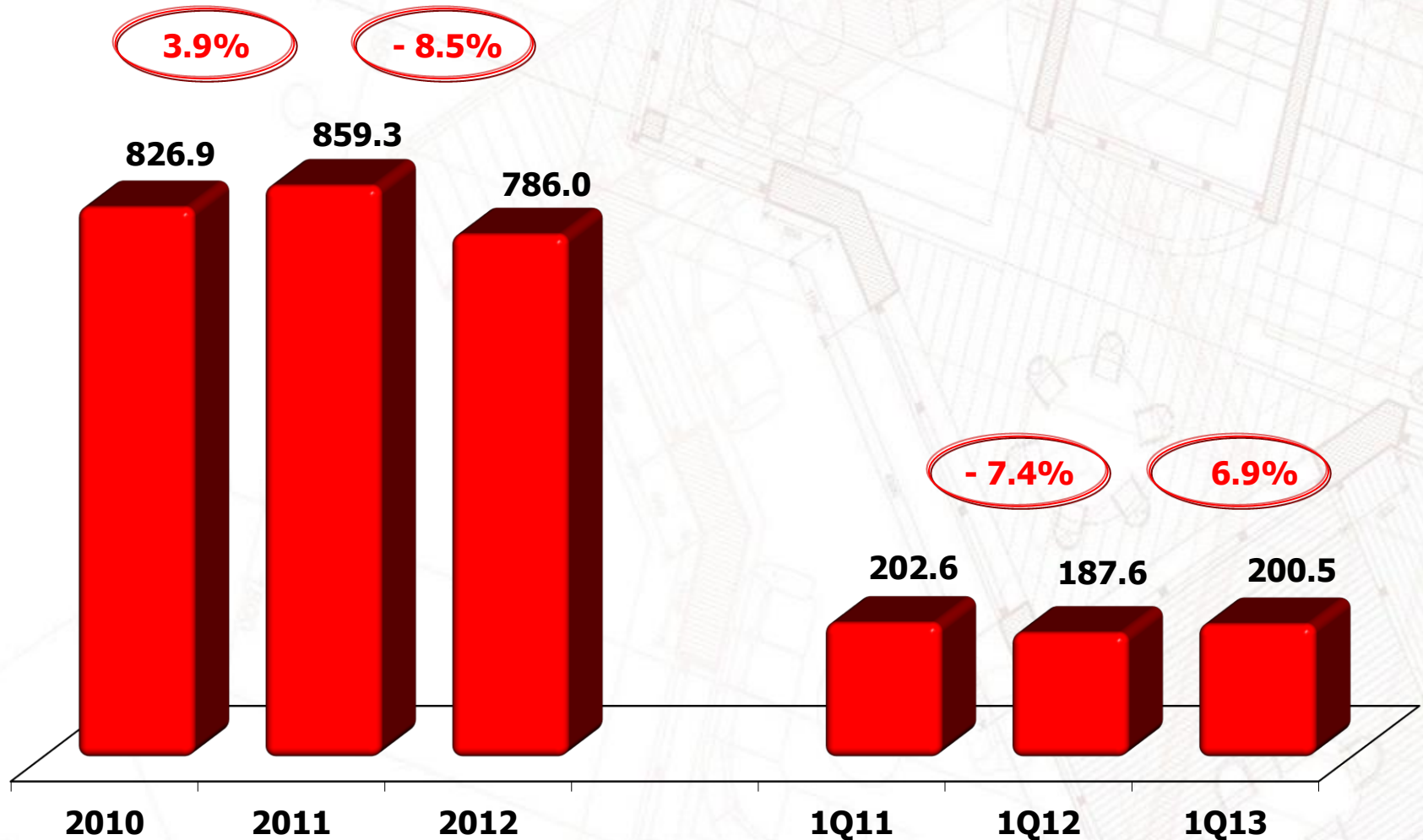
- Domestic Market – reduction of 6.5%
- Foreign Market – increase of 13.0%

1Q13 x 1Q12

- Domestic Market – reduction of 1.7%
- Foreign Market – reduction of 34.6%

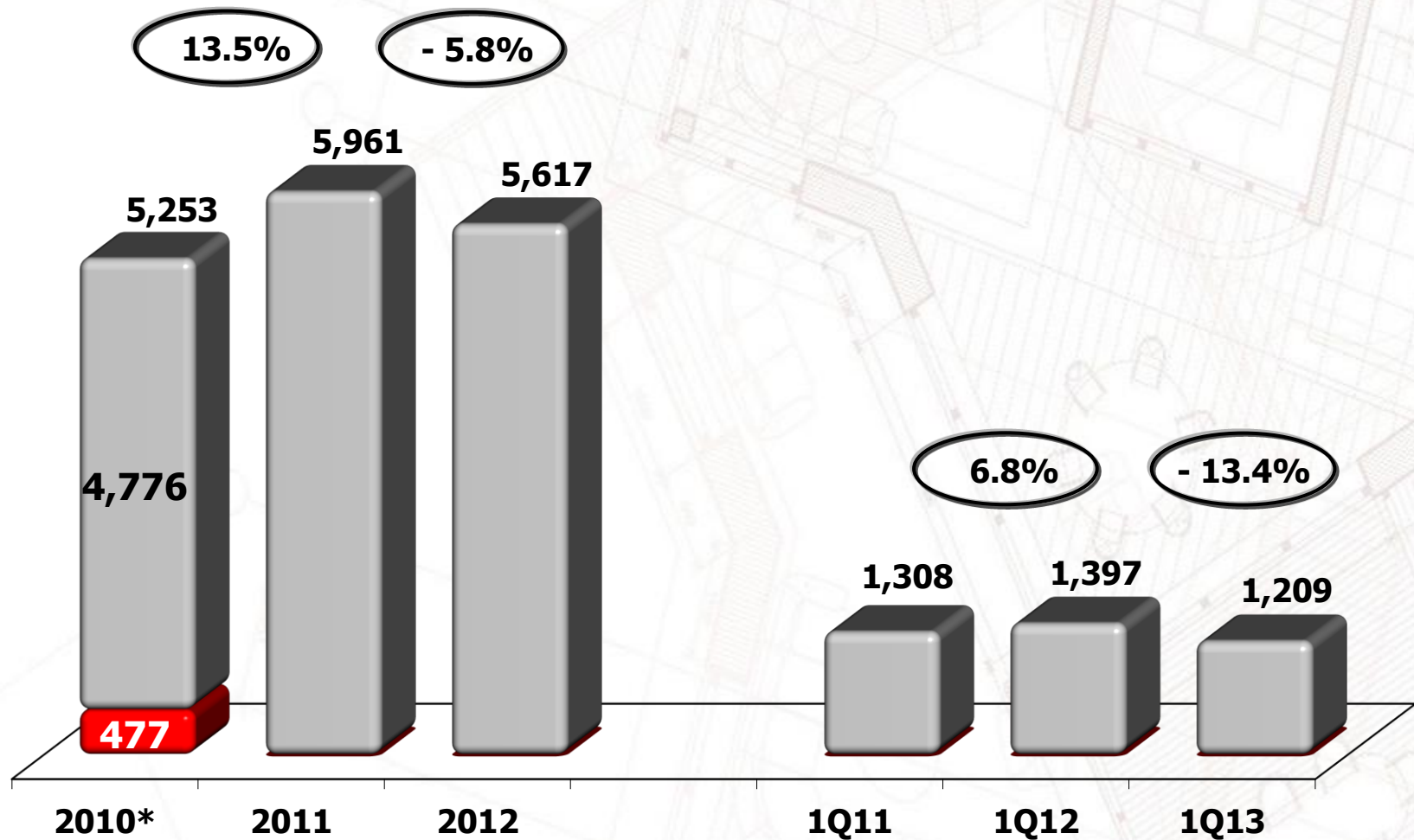


## Sales of Fiber Cement\* (thous. tons)



\* 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.

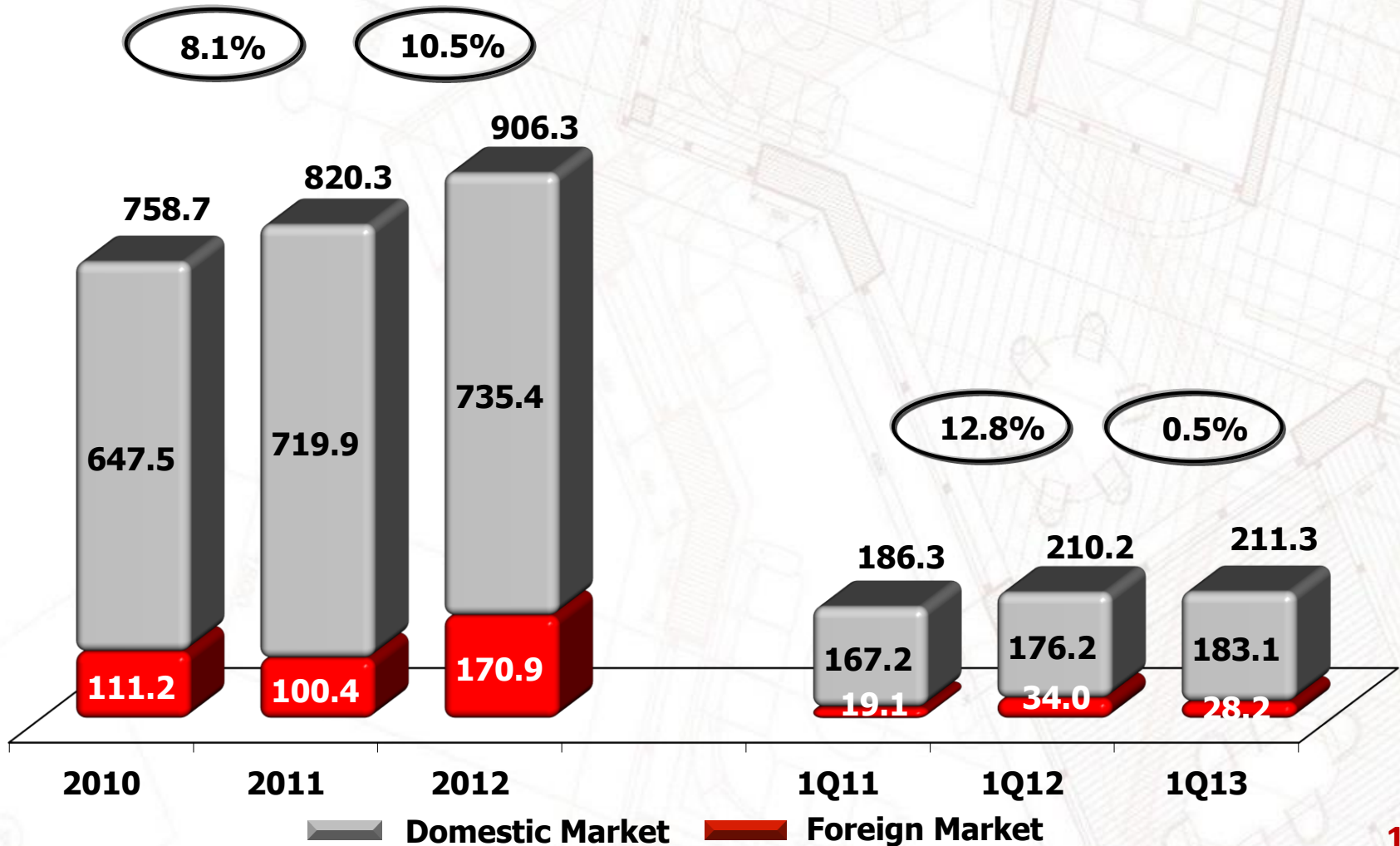


# Eternit



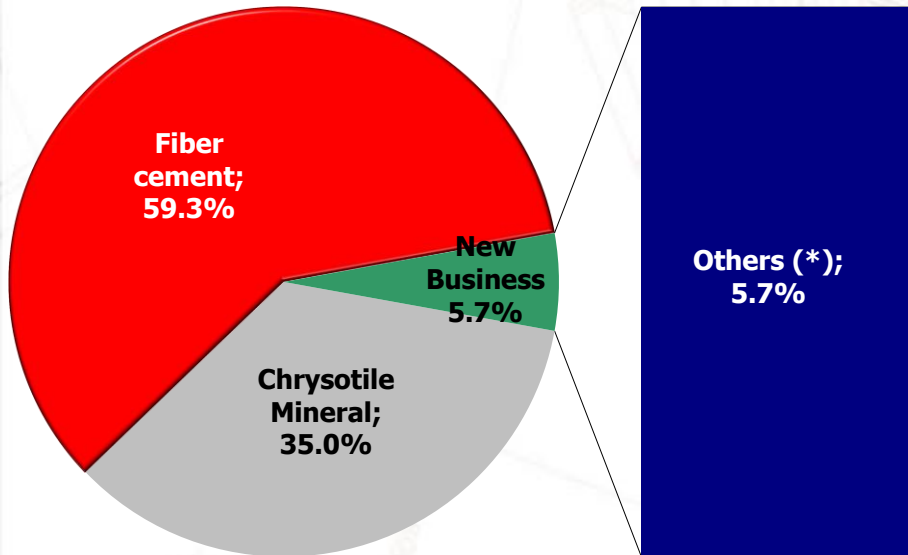
**Economic and Financial Performance**

## Consolidated Net Revenue (R\$ million)

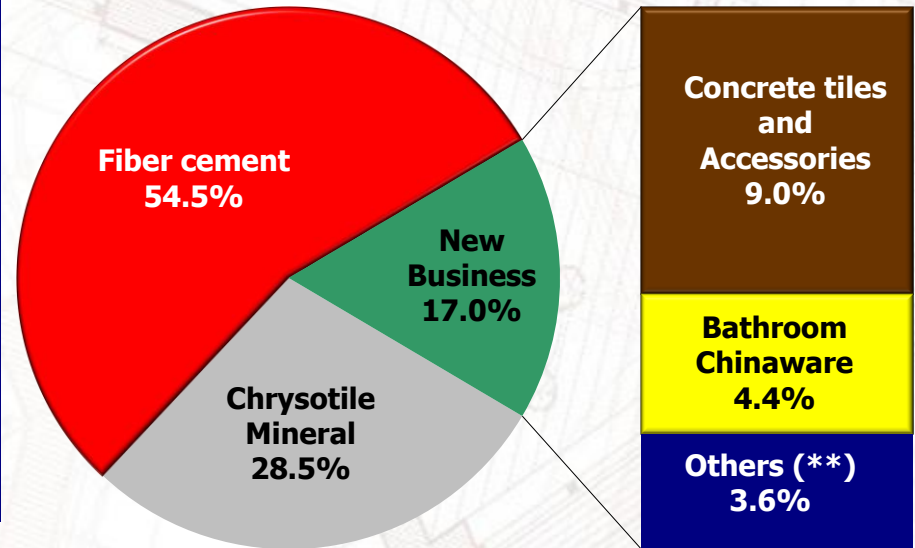


## Net Revenue Breakdown

2007



1Q13

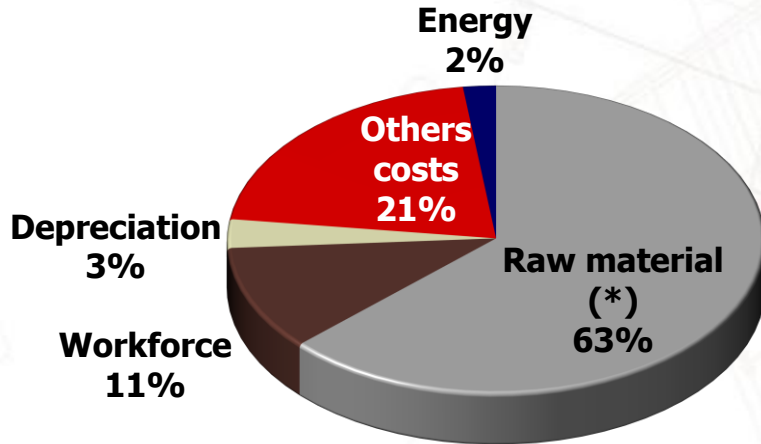


(\*) Others: metallic roofing tiles, polyethylene water tanks and components for construction systems.

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

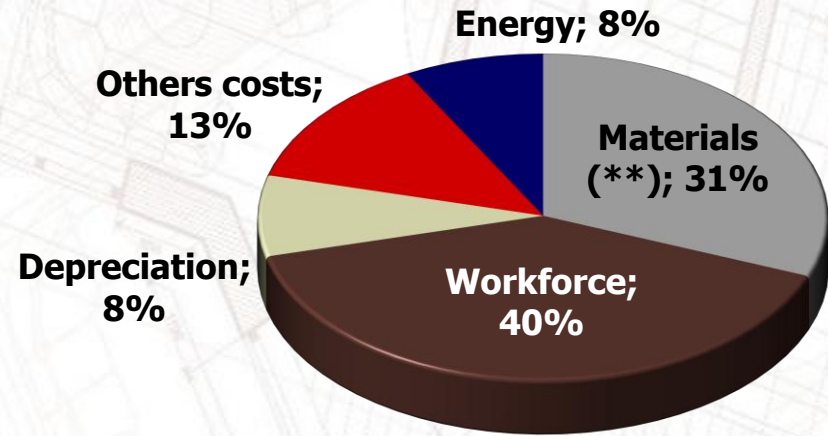
## COGS Breakdown – 1Q13

### Fiber Cement



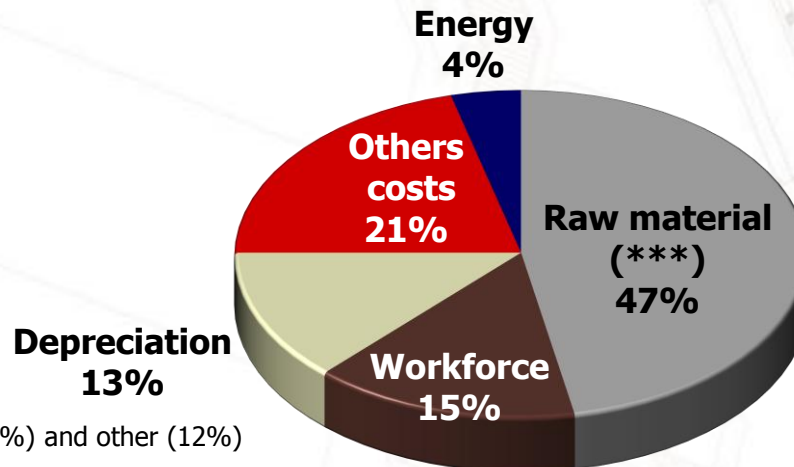
(\*) - Cement (47%), Chrysotile Mineral (41%) and other (12%)

### Chrysotile Mineral



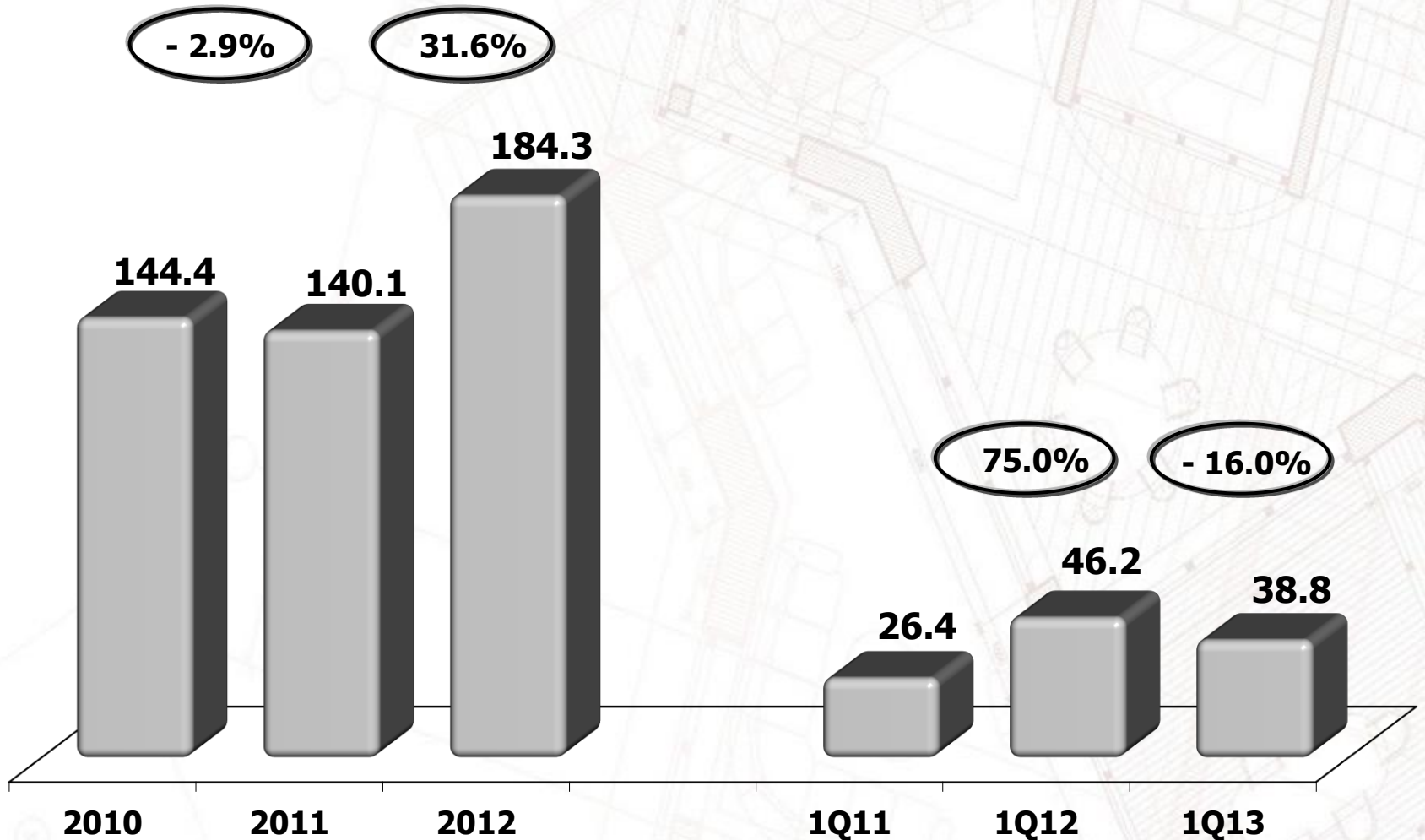
(\*\*) – Fuel, explosives, packaging, among other

### Concrete Tiles

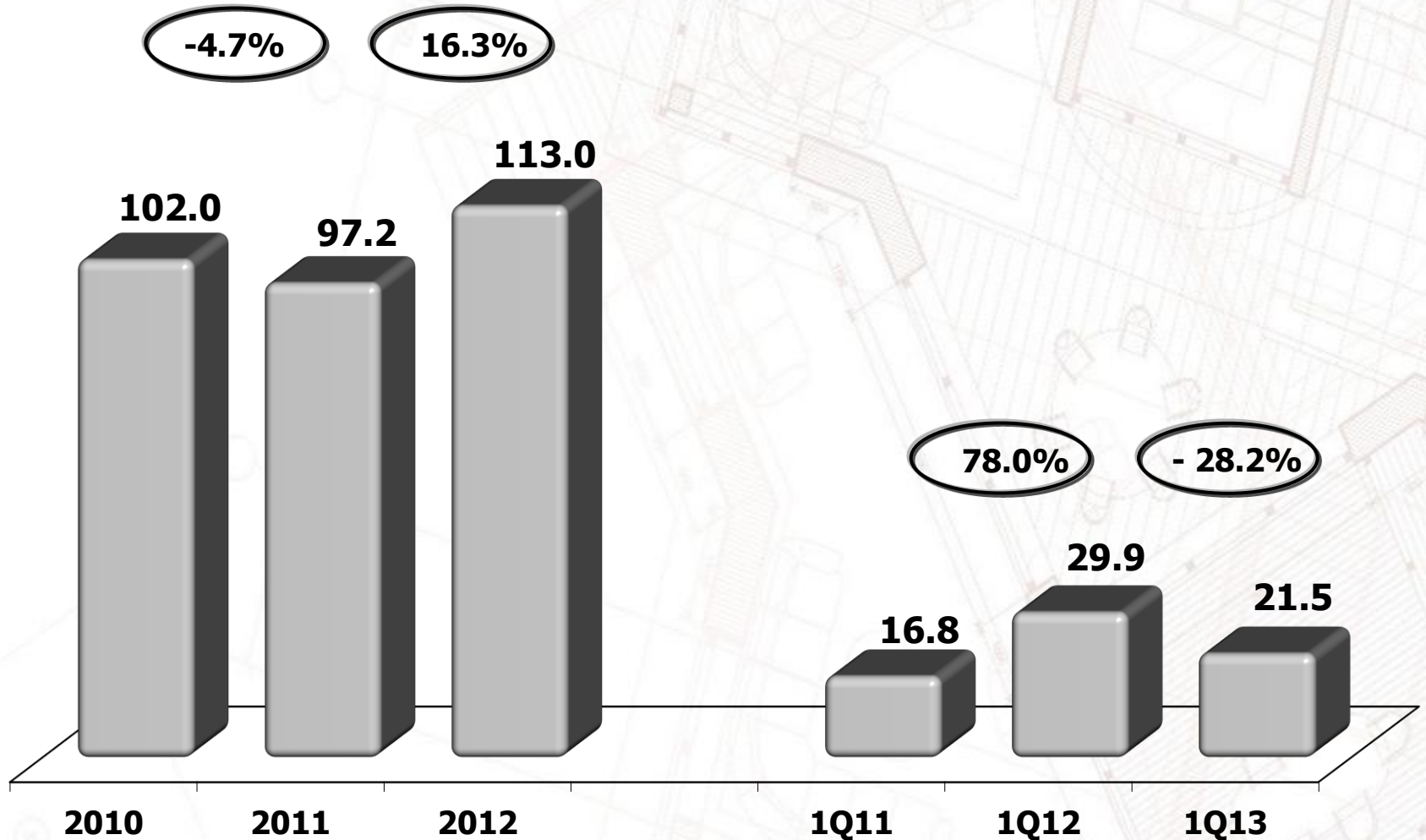


(\*\*\*) - Cement (58%), sand (30%) and other (12%)

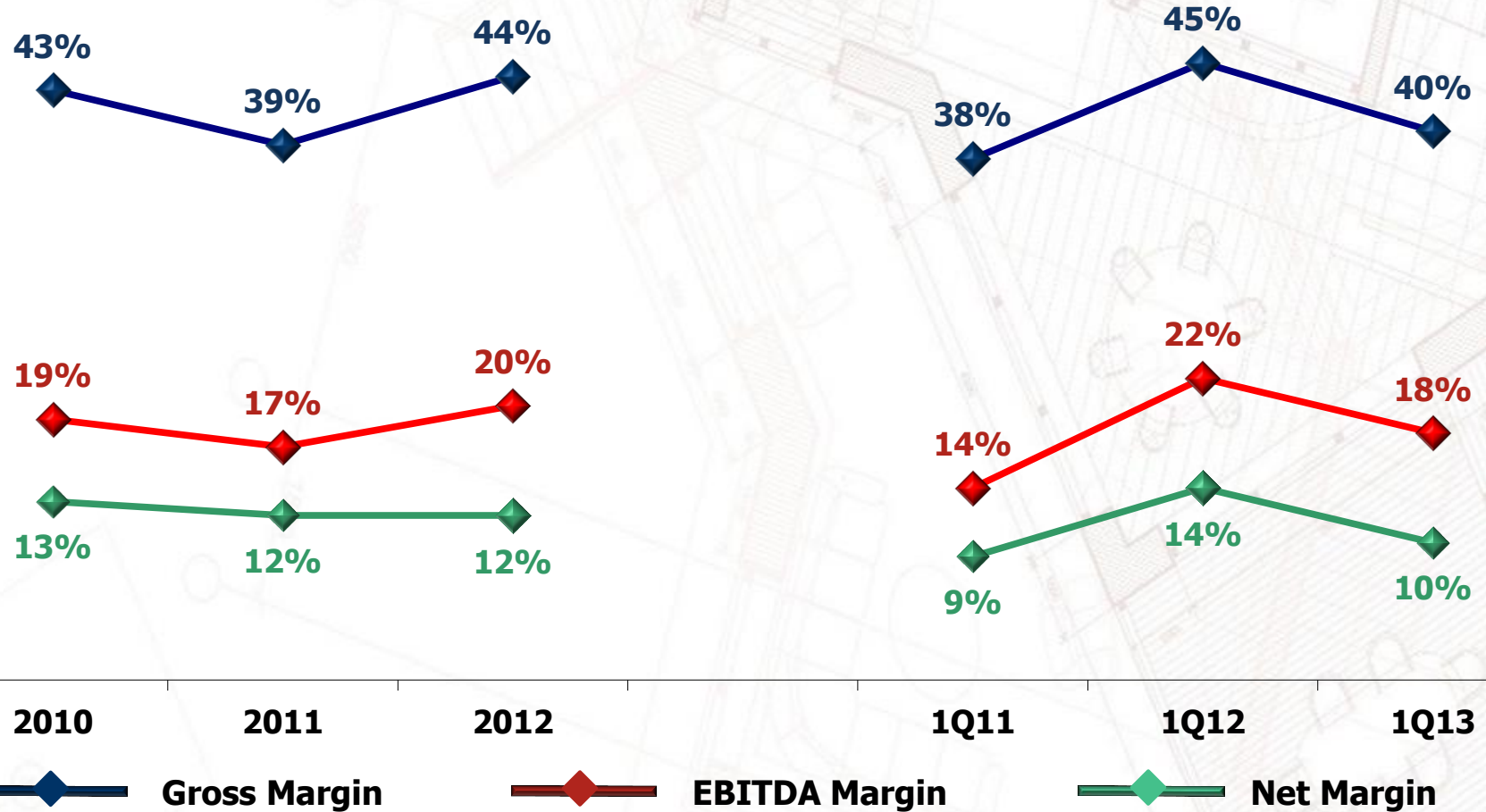
## EBITDA (in R\$ million)



## Net Income (in R\$ million)



## Margins



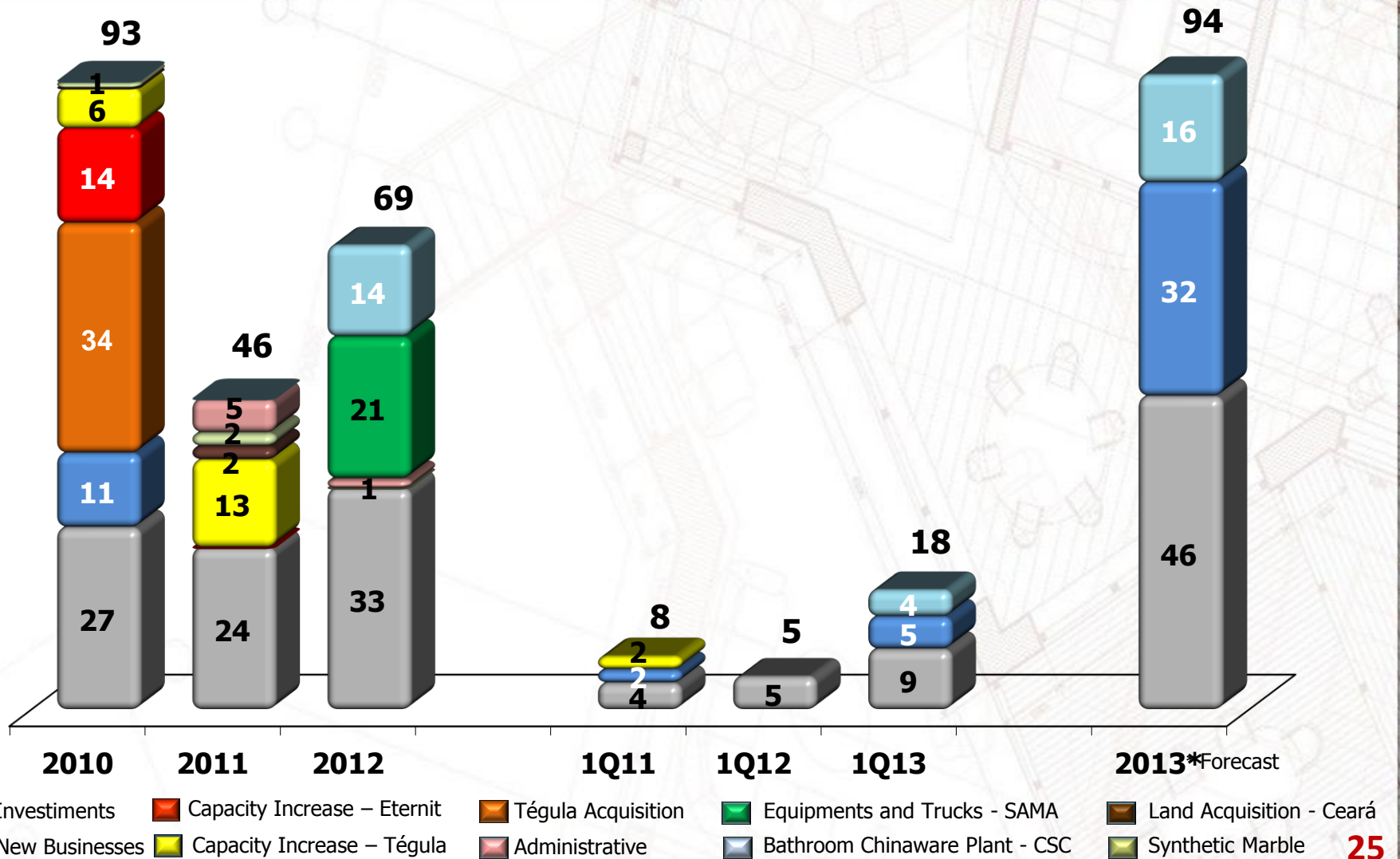
# Eternit



## Investments



## Capital Expenditures (in R\$ million)



## Multi-Product Unit in the Ceará State - Bathroom Chinaware Plant

**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**

## Setting up of the 13rd unit of the Eternit Group in Amazonas

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**

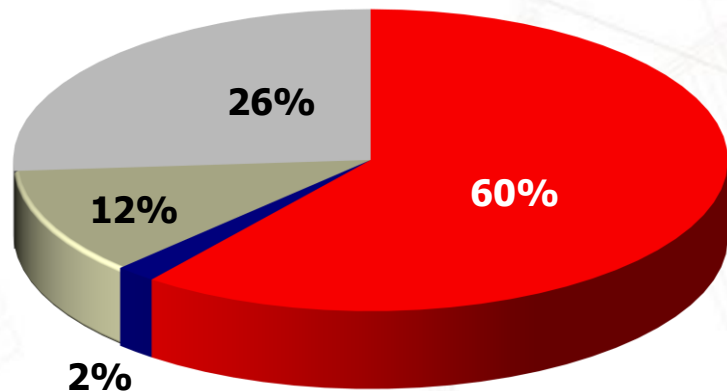
**Funding: third-party funding on a preferential basis**

**Eternit**



**Capital Markets**

## Shareholding Structure – Apr/13



**FREE-FLOAT**

**84.4%**

### Highlights

Geração L. Par. F. I. A.	15.25%
Luiz Barsi Filho	13.56%
Victor Adler + VIC DTVM	8.50%
Diretoria	1.66%
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

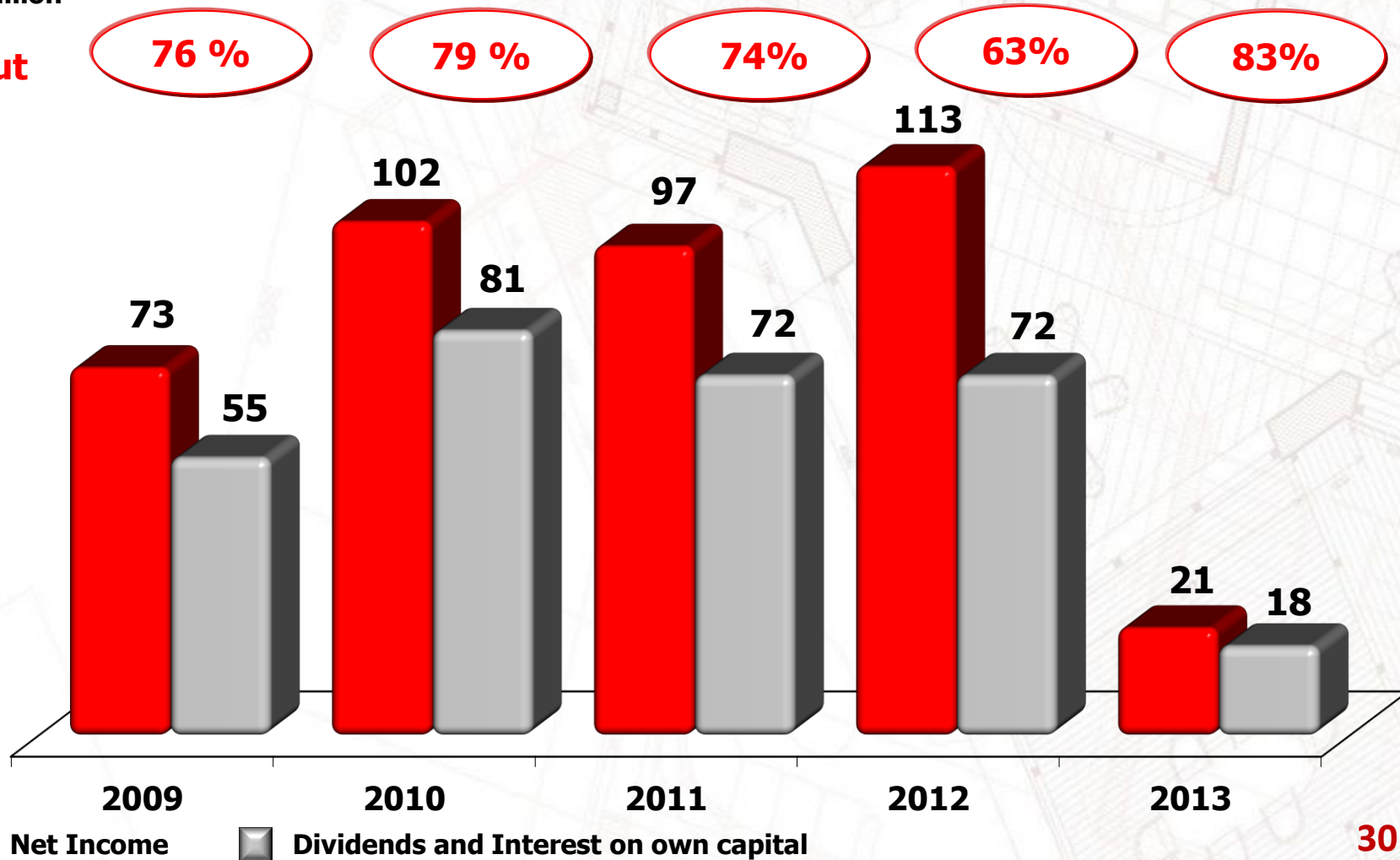
### Member since

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

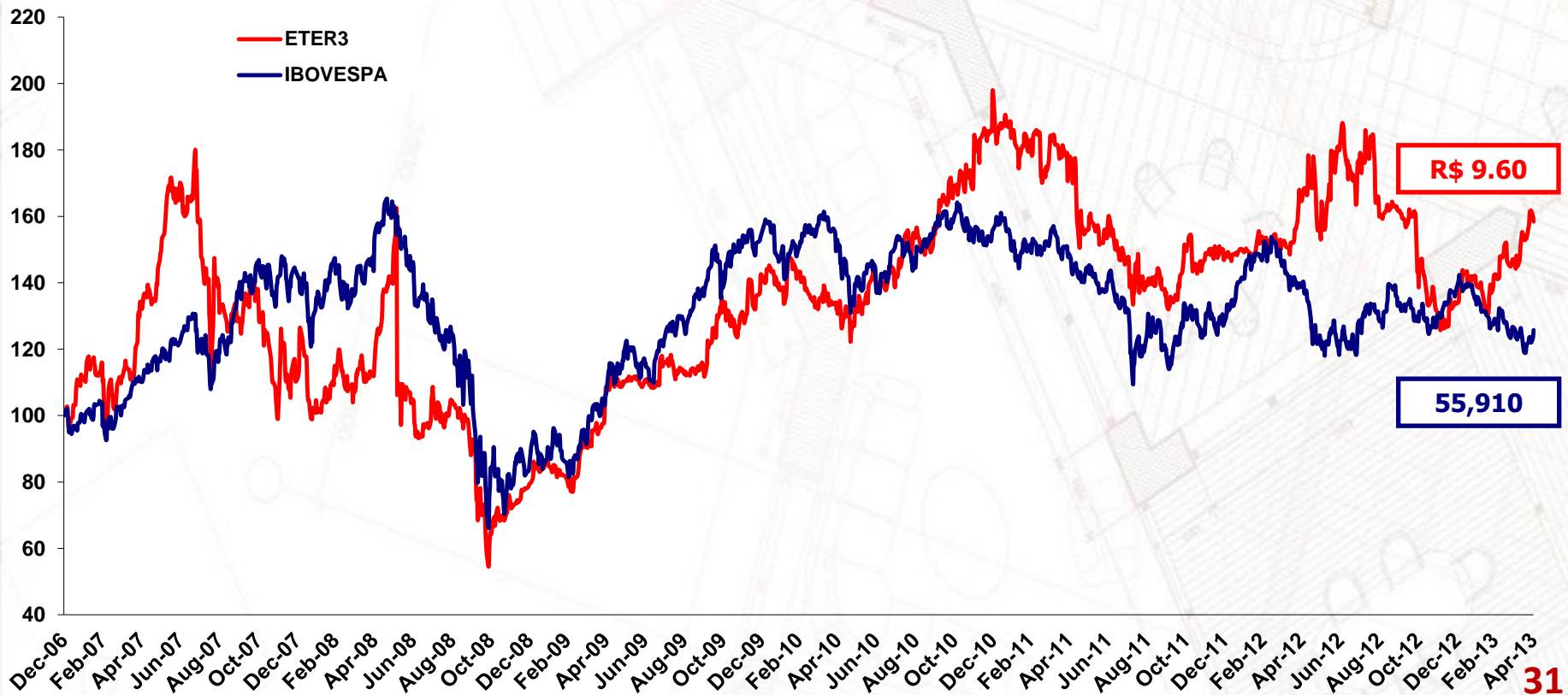
Pay Out



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

Between 12/28/2006 to 04/30/2013, Eternit's shares appreciated **58.4%** and IBOVESPA appreciated **25.7%**.

In the same period, including the payment of dividends and interest on own capital, Eternit's shares appreciated **180.6%**.



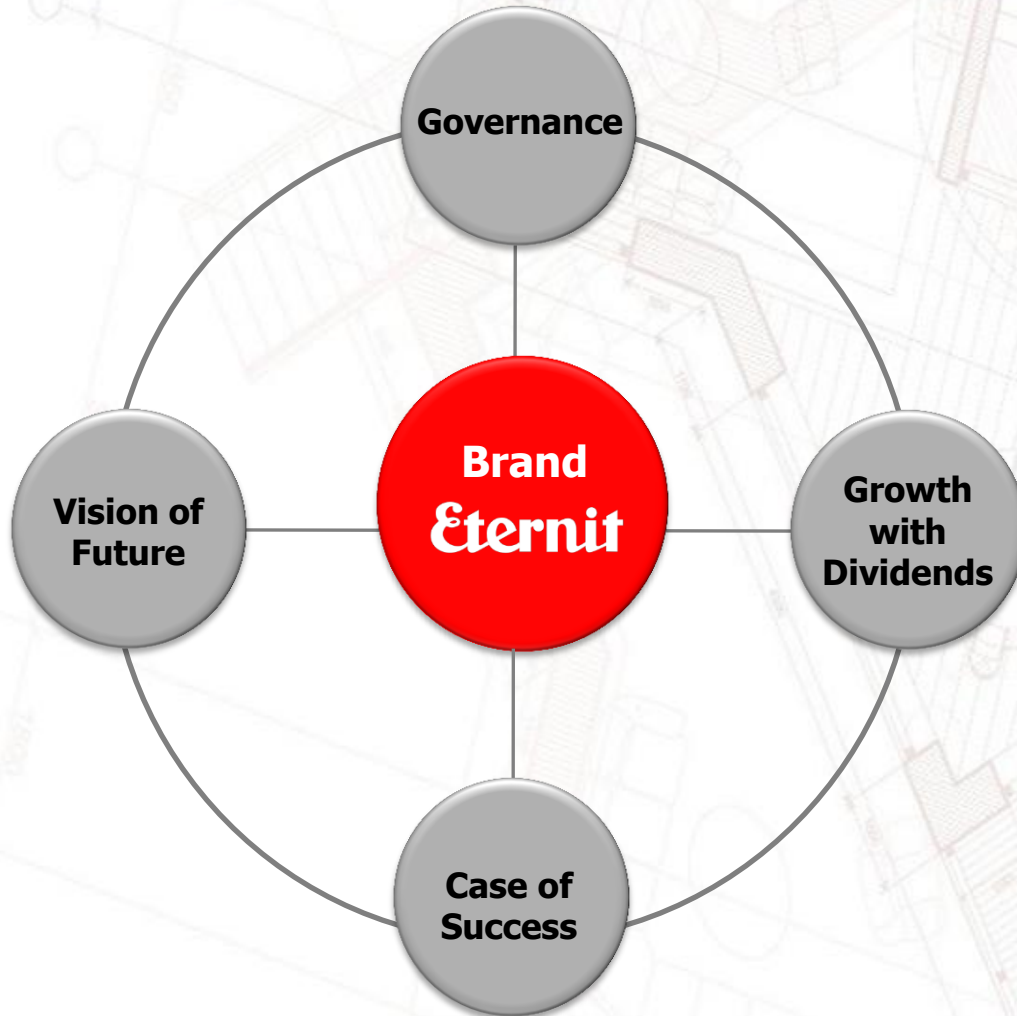
## Eternit – An option for investment



ETNTY

OTC Markets

ADR - Level I



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





# Eternit

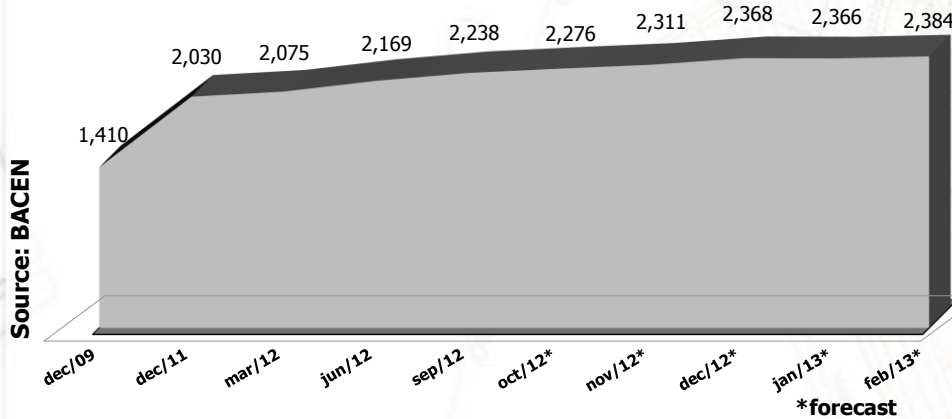


## Outlook

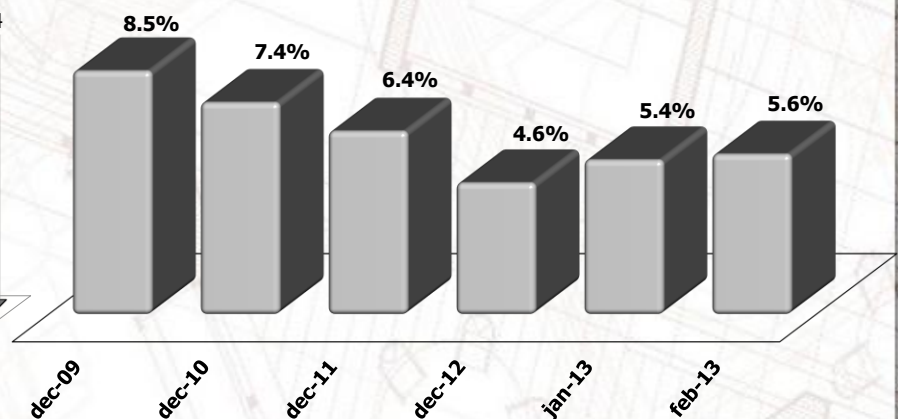
## Economic Figures

### Credit Availability

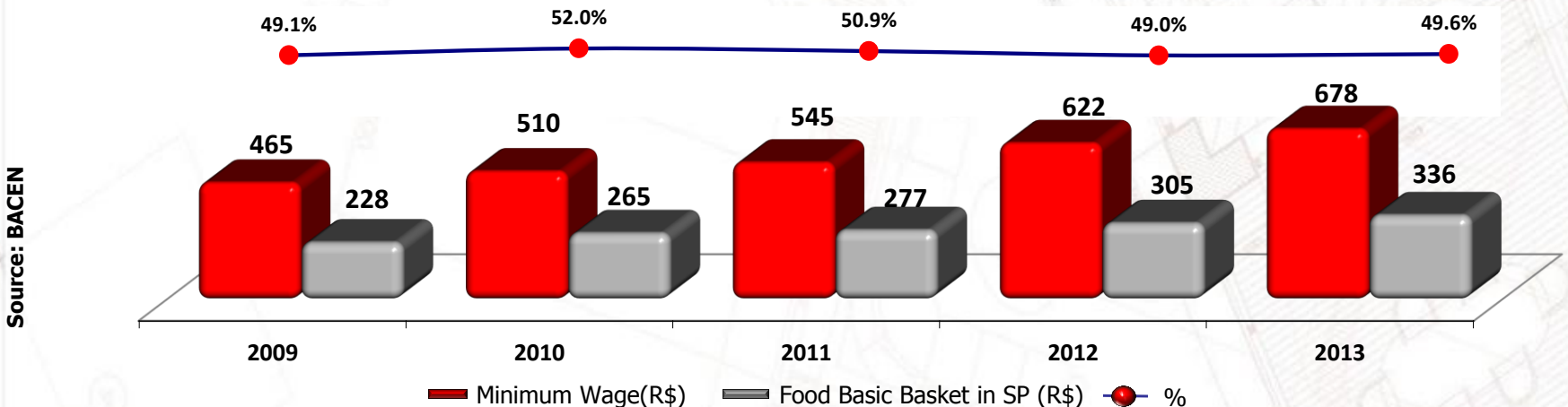
Government, Industry, Housing, Rural, Commerce, Credit Individuals (R\$ billion)



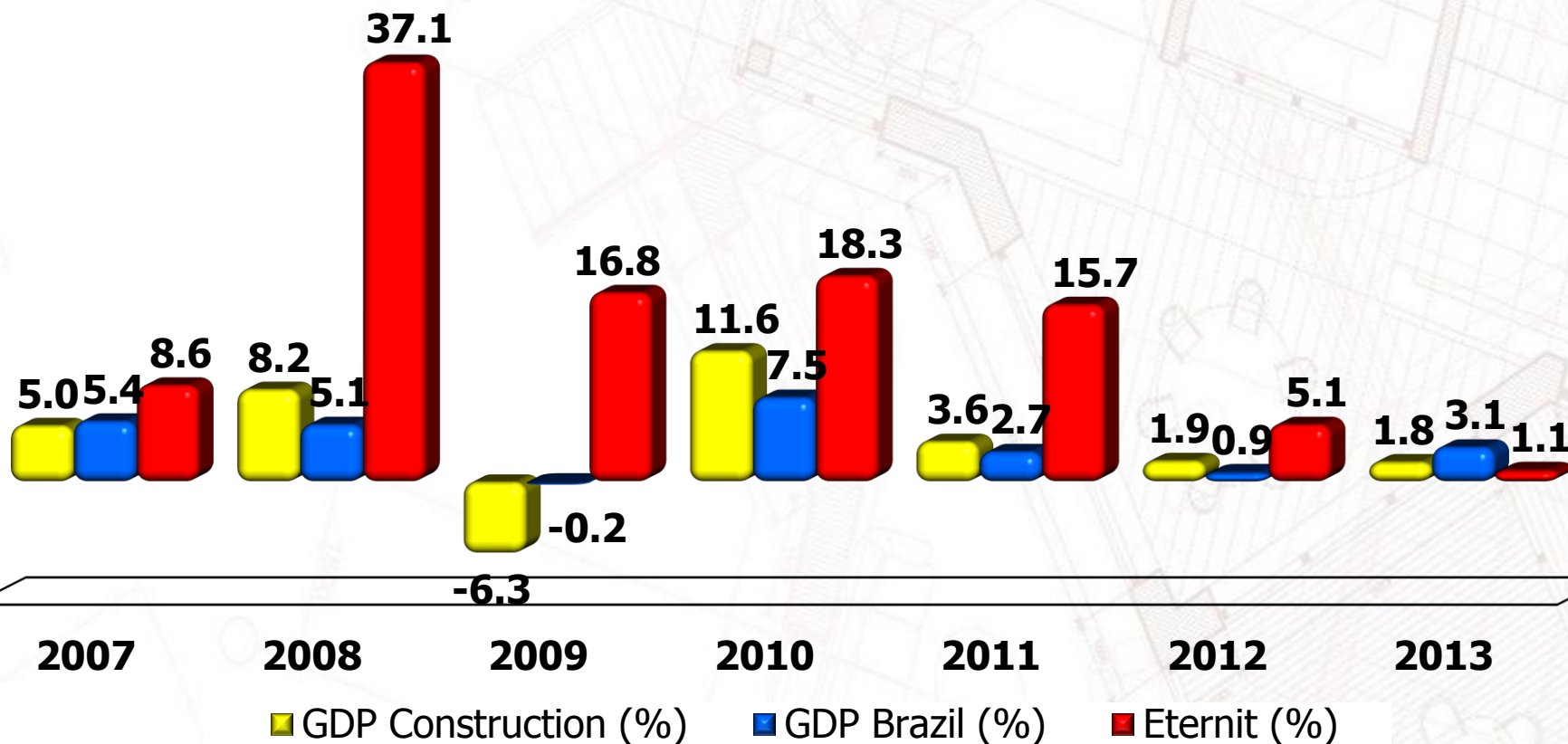
### Unemployment Rate - Brazil



### 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 March 2013 against the same accumulated period for 2012, inflation adjusted for the IGP-M.

**Eternit**



**Chrysotile – The Brazilian Mineral**

## Chrysotile – The Brazilian Mineral

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

White Mineral

Bends and silky fibers without tip

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

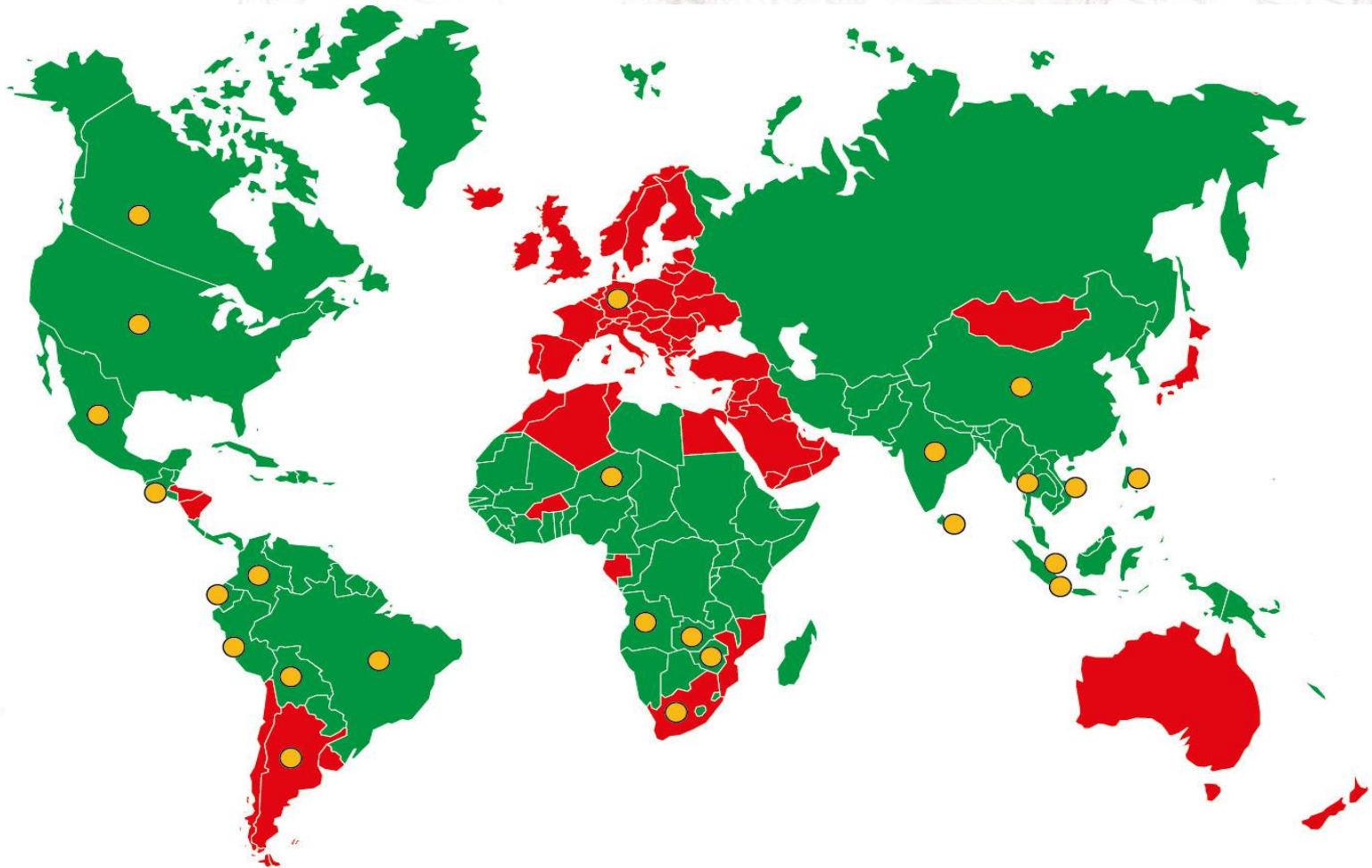
Biopersistence\*: 2.5 days

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



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.gov.br](http://www.sectec.gov.br) .**

## **Positioning with respect to the legal question of chrysotile mineral**

The **Federal Supreme Court (STF)** began on **October 31<sup>st</sup>, 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's vote was for the unconstitutionality of the same state laws. Following the conclusion of Judge Marco Aurélio'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 24<sup>th</sup> and 31<sup>st</sup>, 2012** led by Judge Marco Aurélio 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.**



## Information

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The Eternit logo is written in a red, stylized, serif font. The background of the entire slide is a faint, light-colored architectural floor plan with various lines, circles, and rectangular shapes.

**Eternit**

**Eternit starts a new cycle**

**Welcome  
to the next  
70 years!**