Eternit remains one of the companies with the highest returns for its shareholders, with dividend yield of 6.9% in 1H14

São Paulo, August 7, 2014 – Eternit S.A. (BM&FBovespa: ETER3; OTC: ETNTY), which was founded 74 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 second quarter of 2014 (2Q14). 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 2nd quarter of 2013 (2Q13), except where indicated otherwise.

2Q14

Stock price (07/31/14) ETER3

R$/share 8.59
US$/share 3.79

Shareholder Base (07/31/14)

Total Shares 89,500,000
Free Float 98.5%

Market Capitalization (07/31/14)

R$ 768.8 million
US$ 339.1 million

Shareholder Payments (2014)

R$ 0.60 per share
Dividend yield: 6.9%

Indicators - (Jun/14)

Book Value (R$/share) 5.72
Price/Book Value 1.48
Price/Earnings 7.97

Conference Call/Webcast

August 8, 2014

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

Dial-in:
Participants in Brazil: **(55 11) 3193-1001** or **2820-4001**
Participants in other countries: **(1 786) 924-6977**
Code: **Eternit**

Webconference:
www.eternit.com.br/ir

Talk to IR

Contact the IR team:
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The performance of the construction materials sector in 2Q14 was well below the growth expected for the period by the Brazilian Association of Construction Materials Industry (ABRAMAT), mainly due to the reduction in the number of working days because of the World Cup. However, the Company outperformed the sector despite the fact that the second quarter is seasonally a period of lower demand for Eternit.

The volume of chrysotile mineral sold in 2Q14 was 70,500 tons, decreasing 11.0% from 2Q13 due to the lower demand for construction materials in the domestic market and the non-recurring slowdown of the economies in Asia. In the same period, fiber-cement sales, including construction solutions, reached 190,000 tons, down 2.2% from 2Q13, whereas concrete roofing tiles sales decreased 20.0%, mainly due to the slowdown of the construction materials sector and a change in the behavior of consumers, who reduced the pace of renovations and retail purchases.

Consolidated net revenue in 2Q14 came to R$ 220.6 million, down 8.6% from 2Q13, mainly due to the lower sales volume of its portfolio, which was partially offset by the price increase in the fiber-cement and concrete roofing tiles segments, as well as the appreciation of the U.S. dollar against the Brazilian real.

In 2Q14, EBITDA reached R$ 35.3 million, decreasing 25.7% from 2Q13, chiefly due to the lower sales volume of chrysotile asbestos, fiber-cement and concrete roofing tiles, and the non-recurring increase in operating expenses resulting from the administrative and commercial restructuring of the subsidiary Tégula. As a result, net income decreased 33.2% from 2Q13 to R$ 18.1 million in 2Q14.

Investments in 1H14 totaled R$ 44.0 million, primarily allocated to the installation of a unit for the research, development and production of construction material inputs in the state of Amazonas and the maintenance and modernization of the Group's industrial facilities.

Eternit continues to be one of the publicly held corporations in Brazil delivering the highest returns to its shareholders. In 2014, its dividend yield was 6.9% and earnings distributed to shareholders totaled R$ 53.7 million.

Main Indicators

Consolidated - R$ `000	2nd Quarter			Accum. 6 Months		
	2014	2013	% Chg.	2014	2013	% Chg.
Gross revenues	**278,180**	**302,829**	**(8.1)**	**588,868**	**579,129**	**1.7**
Net revenues	**220,628**	**241,500**	**(8.6)**	**464,320**	**452,763**	**2.6**
Gross profit	89,469	98,918	(9.6)	180,220	183,474	(1.8)
Gross margin	*41%*	*41%*	-	*39%*	*41%*	*- 2 p.p.*
Operating income (EBIT) [1]	**26,054**	**38,768**	**(32.8)**	**59,248**	**68,732**	**(13.8)**
Net income	**18,127**	**27,140**	**(33.2)**	**41,617**	**48,613**	**(14.4)**
Net margin	*8%*	*11%*	*- 3 p.p.*	*9%*	*11%*	*- 2 p.p.*
EPS (R$/share)	0.20	0.30	(33.2)	0.47	0.54	(14.4)
Investments	14,778	30,495	(51.5)	43,981	48,270	(8.9)
EBITDA [2]	**35,345**	**47,596**	**(25.7)**	**77,716**	**86,417**	**(10.1)**
EBITDA Margin	*16%*	*20%*	*- 4 p.p.*	*17%*	*19%*	*- 2 p.p.*

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

General and Market Scenario

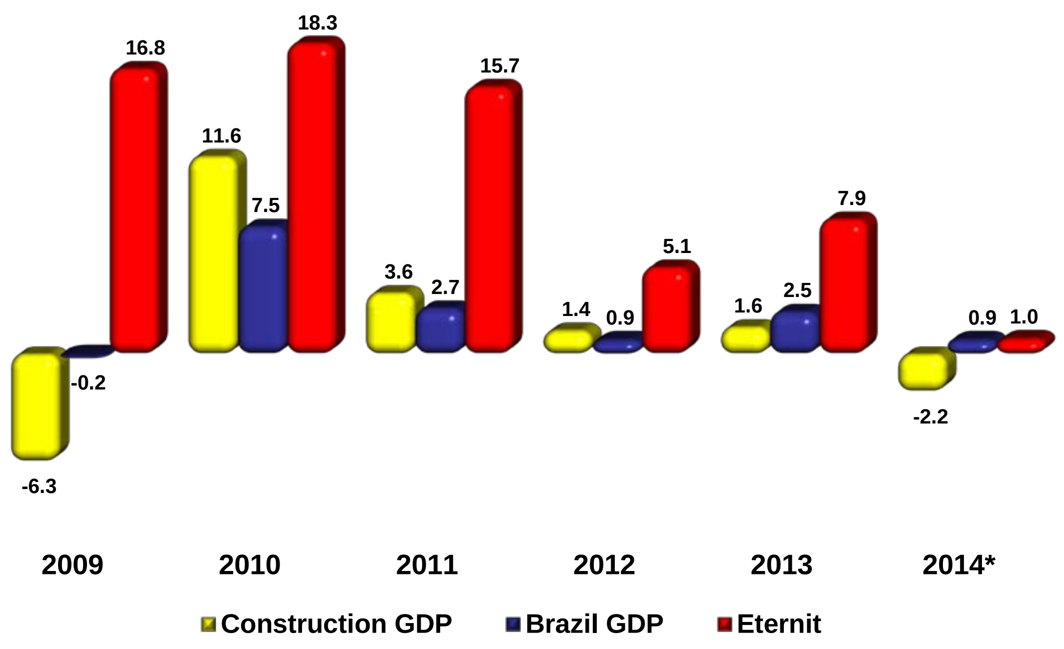
On the international front, since the last Inflation Report, the Central Bank of Brazil (BACEN) committee considers that the risks to global financial stability have remained high despite the low probability of extreme events occurring in international financial markets. Overall, the prospects of more intense global economic activity remained unchanged despite evidence pointing to low growth rates in a few mature economies this year, below their growth potential. According to the International Monetary Fund (IMF), the growth forecast for the global economy in 2014 was revised downward from 3.7% to 3.4%, primarily due to poor performance in the first quarter, particularly in the United States, as well as a less optimistic outlook for a few emerging markets.

In the domestic scenario, BACEN indicates that due to the moderate increase in credit and employment levels, household consumption should continue to increase, though at a slower pace than in previous years, and investments and exports should pick up momentum. However, these changes depend on higher confidence among companies and families. In this regard, BACEN believes that the central scenario is one of slower growth in economic activity in 2014 compared to 2013. The Bank also revised the forecast for GDP growth in 2014 from 2.0% at the start of the year to 0.86% (FOCUS report of BACEN dated August 01), and for construction GDP from 1.1% to -2.2% (June edition of the Inflation Report). Still on the domestic scenario, the IMF points out that investments and consumption growth are being hampered by highly restrictive financial conditions and by low confidence among businessmen and consumers.

According to the Brazilian Association of Construction Materials Industry (ABRAMAT), domestic construction material sales in 1H14 declined 4.6% year on year, well below the revised growth forecast for 2014 from 4.5% to 2.0%, mainly due to the sales in June, which decreased significantly by 11.0% and 13.6% from May this year and June 2013, respectively. The decrease is primarily explained by the fewer business days due to the World Cup holidays and the consequent decline in sector activity, apart from the behavior of consumers, who reduced the pace of renovations and retail purchases. Achievement of this forecast by the end of 2014 will depend on the resumption of small construction and renovation projects postponed by households, improved prospects for the real estate segment, and the maintenance of income, employment and credit supply levels in the market.

According to the National Association of Construction Material Dealers (ANAMACO), construction material retail sales were lower than expected in 1H14, but the expectation of increase from 2013 remains, since sales are stronger in the second half of the year.

Brazil GDP x Construction GDP x Gross Revenue (Consolidated) Eternit (%)



(*) – Forecast.
Source: Central Bank of Brazil, projected GDP growth of Brazil and the construction industry in 2014.
Growth in Eternit's consolidated gross revenue compares January-June 2014 with the same period in 2013, deflated by the IGP-M index.

Operational and Financial Aspects

The construction materials industry registered a weak performance in 2Q14, ending the first half well below the growth forecast for the period according to the Brazilian Association of Construction Materials Industry (ABRAMAT).

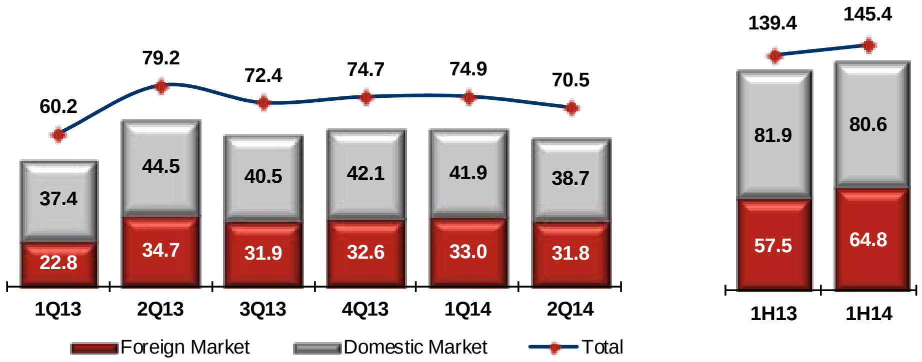
In 2Q14, the Company operated at full capacity in its chrysotile asbestos mining unit and in its line of finished products, capacity utilization was approximately 90% in fiber-cement and 50% in concrete roofing tiles. Though 2Q14 is a period of lower demand for it, Eternit operated at levels above demand to build inventories for the second half of the year, when demand is traditionally higher.

Sales

Chrysotile Asbestos

Chrysotile asbestos sales in 2Q14 reached 70,500 tons, down 11.0% from 2Q13. Domestic sales decreased 13.1% during the period, particularly due to the lower demand for construction materials in the domestic market. Exports decreased 8.3%, primarily due to the non-recurring slowdown of the economies in Asia.

Sales of Chrysotile Asbestos (thous. Tons.)*



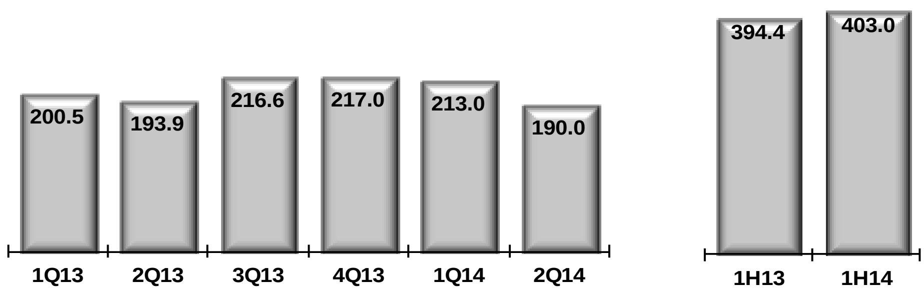
(*) Chrysotile asbestos sales include intercompany sales, which accounted for 41.7% of domestic sales in 2Q14.

Sales in 1H14 totaled 145,400 tons, increasing 4.3% from 1H13. In the same comparison period, the highlight was the 12.8% growth in the export market, mainly due to the strong sales performance in the first quarter, offsetting the slight 1.8% decrease in the domestic market.

Fiber-cement

Fiber-cement sales in the domestic market, including construction solutions, totaled 190,000 tons in 2Q14, down 2.2% from 2Q13 as a result of the industry slowdown, particularly in June because of the high number of holidays on account of the World Cup.

Sales of Fiber-cement (thous. Tons.)

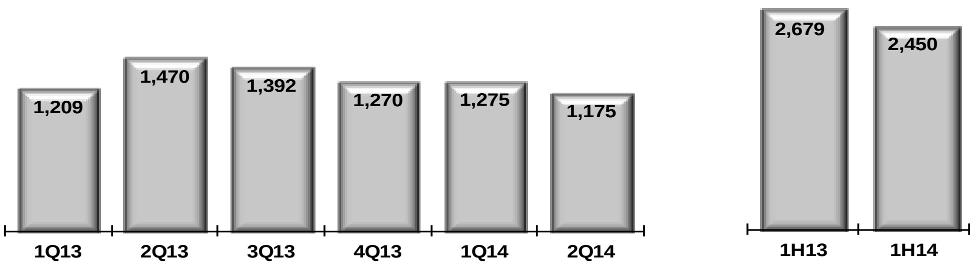


Sales in 1H14 totaled 403,000 tons, up 2.0% year on year. Maintenance of the credit policy and unemployment rates, as well as the high competitiveness of these products in the roofing segment, has contributed to this small growth.

Concrete Tiles

In 2Q14, concrete tile sales in the domestic market totaled 1,175,000 square meters (equivalent to 10,466,000 pieces), a 20.0% decrease from 2Q13, due to the steep fall in demand in this segment and the fewer business days on account of the World Cup.

Sales of Concrete RoofingTiles (thous.m²)



In 1H14, sales volume reached 2,450,000 square meters (equivalent to 21,893,000 pieces), down 8.6% from 1H13 due to the factors mentioned above.

Other Products

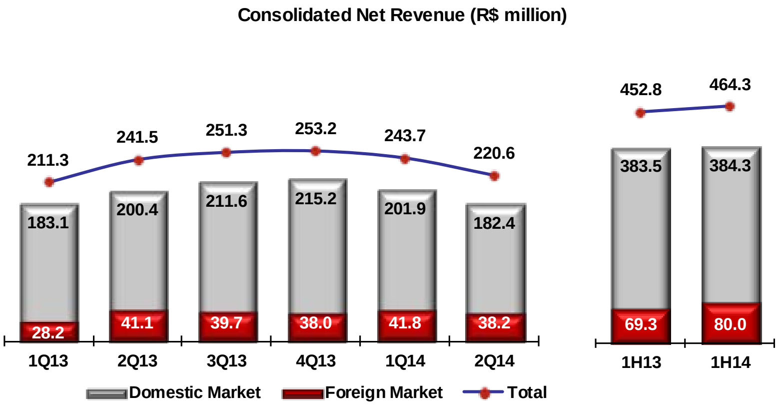
These include the manufacture and sale of polyethylene water tanks and the resale of metal roofing tiles, metal bathroom fixtures and roofing accessories, among others, in the domestic market. Bathroom chinaware has been the highlight of the Eternit Group's portfolio, and Companhia Sulamericana de Cerâmica (CSC), its jointly-owned subsidiary, started production in the state of Ceará and the commercialization it all across Brazil.

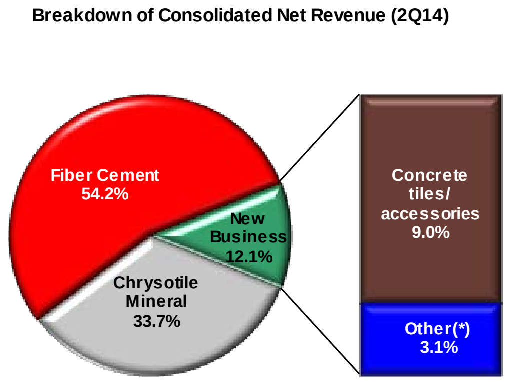
Consolidated Net Revenue

Consolidated net revenue in 2Q14 reached R$ 220.6 million, down 8.6% from the same period in 2013. Domestic market revenue amounted to R$ 182.4 million, a decrease of 8.9% primarily explained by the lower demand in the construction materials segment and the fewer business days due to the World Cup, which was partially offset by price increases in fiber-cement and concrete tiles segments. Net revenue from exports decreased 7.2% from 2Q13 to reach R$ 38.2 million, as a result of lower volume, which was partially neutralized by the appreciation of the U.S. dollar against the Brazilian real.

Comparing 2Q14 with 2Q13 by product line, revenue from chrysotile asbestos sales decreased 14.0% to R$ 74.3 million, due to the lower sales volume, which was offset by the appreciation of the U.S. dollar. In the same comparison period, fiber-cement revenue increased 3.5% to end 2Q14 at R$ 119.5 million, primarily due to price repositioning.

Revenue from concrete roofing tiles and roofing accessories came to R$ 19.8 million in 2Q14, down 11.5% from 2Q13 as a result of lower demand in the segment, partially offset by price increases. The other products line amounted to R$ 7.0 million in 2Q14, 59.5% lower than in 2Q13, mainly due to the sales of bathroom chinaware and toilet seats, from January 2014, be made by Companhia Sulamericana de Cerâmica (CSC) due to the transfer of Eternit's inventory of bathroom chinaware and lavatory seats to CSC with the start of its industrial operations. The sales of bathroom chinaware and toilet seats of CSC are not consolidated given that the shareholders (Eternit and Colceramica, a Colombian multinational) have joint control, as established by CPC 36 and IFRS 10 with regard to consolidated financial statements and CPC 19 and IFRS 11 with regard to joint arrangements.





(*) Other: metal bathroom fixtures, metal roofing tiles, polyethylene water tanks, synthetic marble and construction solutions.

In 1H14, net revenue amounted to R$ 464.3 million, up 2.6% compared to the same period in 2013. This performance is the result of exports of R$ 80.0 million, up 15.5% year on year, primarily explained by the higher sales volume in 1Q14 and the 13.0% appreciation of the U.S. dollar against the Brazilian real (comparison of average PTAX in the period). Domestic sales amounted to R$ 384.3 million, virtually stable (growth of 0.2%) compared to 1H13.

Cost of Mining, Production and Goods Sold

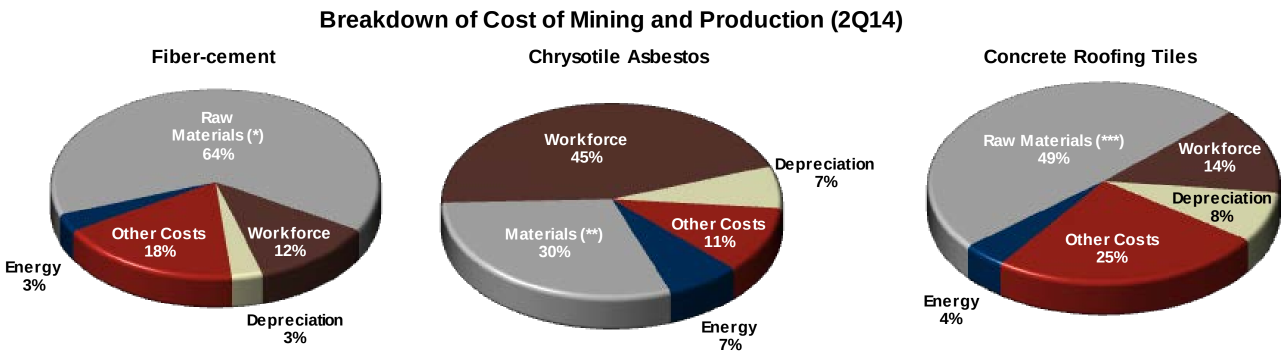
Consolidated cost of goods sold reached R$ 131.2 million in 2Q14, down 8.0% from 2Q13, mainly due to the lower sales volume in the operating segments. Gross margin remained stable at 41% between the periods.

The main variations in mining and production costs are shown below:

Chrysotile mining: 10% increase on account of higher manpower expenses due to the amendment to the service agreement with third parties for rock transport, maintenance and depreciation of new equipment and trucks at the extraction area.

Fiber-cement: 9% increase due to the higher price of raw materials (especially chrysotile asbestos and pulp), electricity tariffs and higher consumption of packaging.

Concrete roofing tiles: 1% increase due to the higher price of raw materials (especially white cement, varnish and pigments) and inputs (electricity and fuel).



(*) Raw materials: cement (45%), chrysotile asbestos (42%) and other (13%).
(**) Materials: fuel, explosives, packaging and others.
(***) Raw materials: cement (54%), sand (29%) and other (17%).

In 1H14, consolidated cost of goods sold amounted to R$ 284.1 million, increasing 5.5% from 1H13, due to higher mining and production costs. Since the increase in the consolidated cost of goods sold outpaced the increase in net consolidated revenue in 1H14, gross margin declined 2 percentage points year on year to 39%.

Operating Expenses

Total operating expenses in 2Q14 increased 3.4% from the prior-year period, mainly due to the following variations:

Selling expenses: virtually stable (0.2% decrease) due to higher expenses with marketing campaigns, neutralized by lower expenses with commissions due to lower sales volume.

General and administrative expenses: 10.6% increase due to the administrative and commercial restructuring of Tégula, the rise in payroll expenditure as a result of a collective wage increase agreement, higher expenses with the implementation of the research, development and production unit for construction material inputs in Manaus and with defending the use of chrysotile asbestos.

Other operating (expenses) revenues: decrease of 64.5% due to social security credits offset during the period.

In R$ '000	2nd Quarter			Accum.6 Months		
	2014	2013	Chg. %	2014	2013	Chg. %
Selling expenses	(29,490)	(29,542)	(0.2)	(57,925)	(56,208)	3.1
General and administrative expenses	(31,287)	(28,294)	10.6	(59,804)	(54,018)	10.7
Other operating revenues (expenses), net	(493)	(1,391)	(64.5)	(641)	(2,774)	(76.9)
Total operating expenses	**(61,270)**	**(59,227)**	**3.4**	**(118,370)**	**(113,000)**	**4.8**
Percetage of net revenue	*28%*	*25%*	*3 p.p.*	*25%*	*25%*	-

In 1H14, operating expenses totaled R$ 118.4 million, up 4.8% from 1H13 due to the aforementioned factors.

Net Financial Income

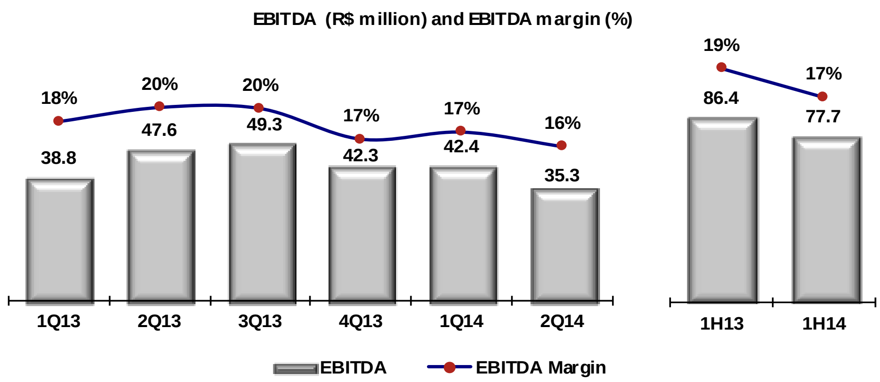
Eternit recorded net financial income of R$ 220,000 in 2Q14, compared to a negative result of R$ 1.6 million in 2Q13, due to the effects of gains and losses from exchange variation and inflation adjustment.

In R$ '000	2nd Quarter			Accum.6 Months		
	2014	2013	Chg. %	2014	2013	Chg. %
Financial expenses	(10,383)	(12,129)	(14.4)	(23,432)	(20,956)	11.8
Financial income	10,603	10,570	0.3	25,443	19,187	32.6
Net financial result	**220**	**(1,559)**	**-**	**2,011**	**(1,769)**	**-**

In 1H14, Eternit recorded net financial income of R$ 2.0 million, versus loss of R$ 1.8 million in 1H13, due to the reasons explained above.

EBITDA

Consolidated EBITDA (earnings before interest, taxes, depreciation and amortization) amounted to R$ 35.3 million in 2Q14, down 25.7% from 2Q13, primarily due to the lower sales volume of chrysotile asbestos, fiber-cement and concrete roofing tiles, the non-recurring increase in operating expenses due to the administrative and commercial restructuring of the subsidiary Tégula, as well as expenses to implement the unit for the research, development and production of construction material inputs in Manaus, partially offset by the price repositioning in the fiber-cement and concrete roofing tiles segments and the U.S. dollar appreciation against the Brazilian real. As a result, EBITDA margin in 2Q14 was 16%, down 4 percentage points from 2Q13.



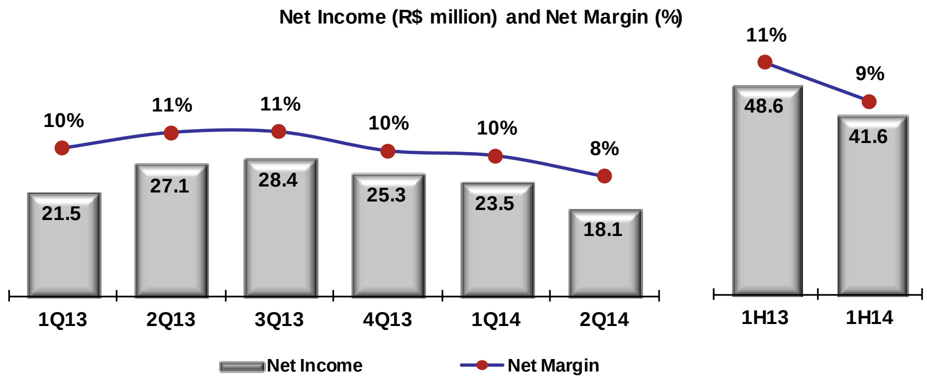
EBITDA in 1H14 totaled R$ 77.7 million, decreasing 10.1% from 1H13, with EBITDA margin of 17%, down 2 percentage points from 1H13, due to the factors described above.

Reconciliation of consolidated EBITDA - (R$'000)	2nd Quarter			Accum. 6 Months		
	2014	2013	% Chg.	2014	2013	% Chg.
Net income	**18,127**	**27,140**	**(33.2)**	**41,617**	**48,613**	**(14.4)**
Income tax and social contributions	8,147	10,069	(19.1)	19,642	18,350	7.0
Net financial Income	(220)	1,559	-	(2,011)	1,769	-
Depreciation and amortization	9,291	8,828	5.3	18,468	17,685	4.4
EBITDA	**35,345**	**47,596**	**(25.7)**	**77,716**	**86,417**	**(10.1)**

Note that EBITDA is calculated in accordance with Instruction 527 issued by the Securities and Exchange Commission of Brazil (CVM) on October 4, 2012.

Net Income

Eternit registered net income of R$ 18.1 million in 2Q14, down 33.2% from 2Q13, while net margin decreased 3 percentage points to end the period at 8%, due to the same factors explained in the EBITDA section.



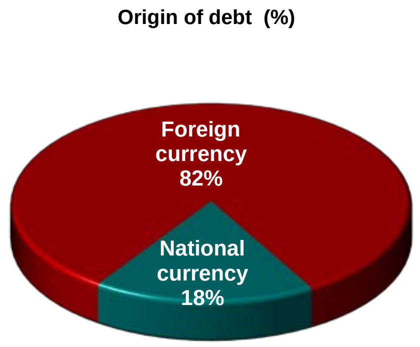
In 1H14, net income amounted to R$ 41.6 million, with net margin of 9%, compared to R$ 48.6 million and 11% in 1H13, respectively.

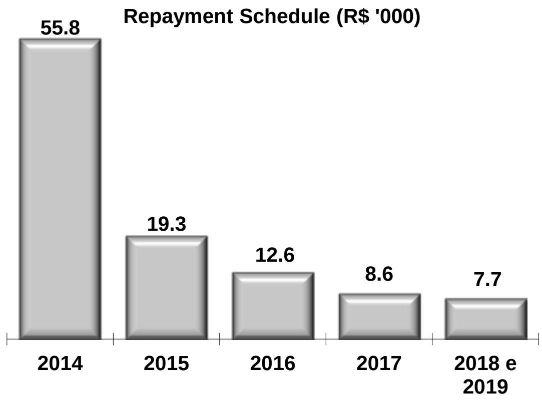
Debt

The Company ended 2Q14 with net debt of R$ 54.6 million. In June 2014, the gross debt of Eternit and its subsidiaries totaled R$ 104.0 million, which is basically explained by: (i) the advances against draft presentation (ACE) for working capital (maturing in 2014); and (ii) the financing lines contracted for the acquisition of trucks, machinery and equipment for its operations under the programs FINIMP (import financing) and FINAME (long-term financing for the acquisition and manufacture of new machinery and equipment).

Cash, cash equivalents and short-term financial investments amounted to R$ 49.3 million, with financial investments remunerated at an average rate corresponding to 102% of the variation in the interbank overnight rate (CDI).

DEBT	Parent Company		Consolidated	
	06/30/14	12/31/13	06/30/14	12/31/13
Short- term gross debt	8,535	8,944	55,790	56,881
Long-term gross debt	4,863	14,368	48,169	25,799
Cash and cash equivalents	(1,757)	(9,516)	(4,976)	(13,295)
Short-term investments (same cash equivalents)	(21,103)	(9,897)	(44,365)	(35,661)
Net debt	**(9,462)**	**3,899**	**54,618**	**33,724**
EBITDA (last 12 months)	33,916	36,347	169,336	178,037
Net debt / EBITDA x	**(0.28)**	**0.11**	**0.32**	**0.19**
Net debt / Equity	**-**	**0.8%**	**10.7%**	**6.7%**



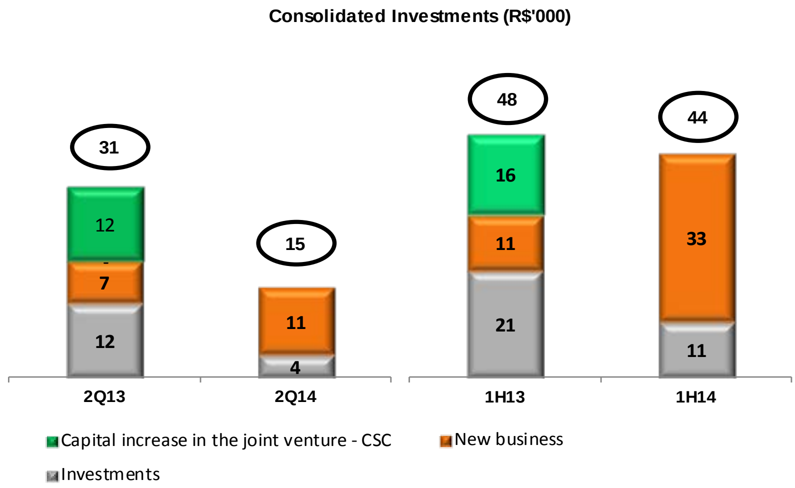


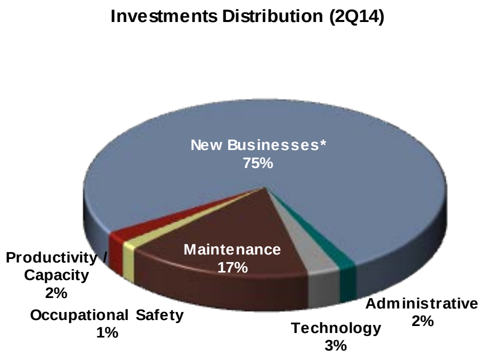
Note that the Company does not contract leveraged operations involving derivative instruments of any type that could be interpreted as speculative positions.

Investments

The investments made by Eternit and its subsidiaries in 2Q14 amounted to R$ 14.8 million, which is 51.5% lower than in the same quarter of 2013. The funds were allocated primarily to the installation of a unit for the research, development and production of construction material inputs in the state of Amazonas and the maintenance and modernization of the Group's industrial facilities.

In 1H14, investments totaled R$ 44.0 million, decreasing 8.9% from the prior-year period, and were allocated as follows: (i) R$ 33.2 million to the installation of a unit for the research, development and production of construction material inputs; and (ii) R$ 10.8 million for the maintenance and modernization of the industrial facilities.





* Unit for the research, development and production of construction material inputs

Capital Markets

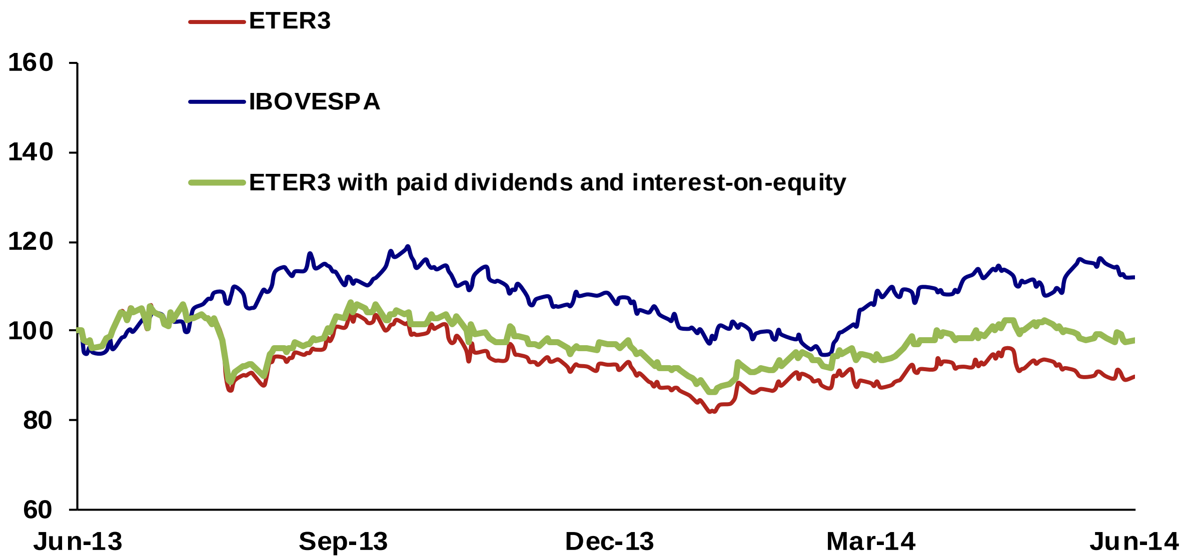
Eternit has been registered on the stock exchange since 1948, and since 2006 its stock has traded on the Novo Mercado, the listing segment of the São Paulo Securities, Commodities and Futures Exchange (BM&FBovespa) with the highest level of corporate governance, under the stock ticker ETER3. The Company has also maintained a Level I American Depositary Receipt (ADR) program since May 2010, which allows its shares to trade on the secondary or over-the-counter market in the United States, under the stock ticker ETNTY.

In 2Q14, Eternit's shareholder base had a high concentration of individual investors, who accounted for 62.5%, while foreign investors accounted for 11.5% and institutional investors, investment clubs, investment funds and foundations accounted for 26.0%.

The shares of Eternit (ETER3) were being quoted at R$ 8.49 in June 2014, showing a depreciation of 10.2% compared to June 2013. In the same period, the benchmark Bovespa Index (IBOVESPA) closed at 53,168 points, representing a gain of 12.0%. On June 30, 2014, Eternit's market capitalization stood at R$ 759.9 million.

Capital Markets					
ETERNIT (ETER3)	2Q13	3Q13	4Q13	1Q14	2Q14
Closing Price (R$/Share) - Without dividends	9.45	9.52	8.74	8.35	8.49
Average Volume Traded (Shares)	139,741	85,218	64,923	52,751	59,507
Average Volume Traded (R$)	1,326,183	774,671	598,194	437,625	516,649
ETER3 - Quarterly Profitability (%)	-	0.7	-8.2	-4.5	1.7
ETER3 - 12 Months Profitability (%)	-	-2.9	7.9	-6.3	-10.2
IBOVESPA - Quarterly Profitability (%)	-	10.3	-1.6	-2.1	5.5
IBOVESPA - 12 Months Profitability (%)	-	-11.6	-15.5	-10.5	12.0
Market Capitalization (R$ Million)	845.8	852.0	782.2	747.3	759.9

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



Source: Economática

Dividends and Interest on Equity

Eternit continues to be one of the publicly held corporations in Brazil delivering the highest returns to its shareholders. In 2014, Eternit's dividend yield[1] is already at 6.9%, with earnings distributed to shareholders amounting to R$ 53.7 million.

Dividends and interest on equity have historically been paid on a quarterly basis. In view of this practice, individual investors account for a major share of Eternit's shareholder base.

[1]Dividend yield: It is the result of dividing shareholder earnings (dividends + interest on equity) per share distributed in the fiscal year (payment base date) by the stock price quoted on the last trading day of the previous fiscal year.

Dividends Distribution (2012 to 2014)				
Approval Date	**Type**	**Payment Start Date**	**Total Value R$ 000**	**Value per Share (R$)**
	2012			
12/07/11 (*)	BDM	03/28/12	5,905	0.066
03/07/12 (*)	BDM	03/28/12	11,989	0.134
04/25/12	BDM	05/17/12	5,905	0.066
04/25/12	BDM	05/17/12	11,989	0.134
08/08/12	BDM	08/29/12	6,710	0.075
08/08/12	BDM	08/29/12	11,184	0.125
10/24/12	BDM	11/14/12	5,726	0.064
10/24/12	BDM	11/14/12	12,168	0.136
Total		**-**	**71,576**	**0.800**
Closing Price		**-**	-	**8.90**
Dividend Yield		-	-	**9.0%**
	2013			
12/12/12 (*)	BDM	03/26/13	5,726	0.064
03/06/13 (*)	BDM	03/26/13	12,168	0.136
04/17/13	BDM	05/10/13	5,726	0.064
04/17/13	BDM	05/10/13	12,168	0.136
08/07/13	BDM	08/28/13	5,726	0.064
08/07/13	BDM	08/28/13	12,168	0.136
10/23/13	BDM	11/13/13	5,816	0.065
10/23/13	BDM	11/13/13	12,079	0.135
Total		**-**	**71,577**	**0.800**
Closing Price		**-**	-	**8.10**
Dividend Yield		-	-	**9.9%**
	2014			
11/12/13 (*)	BDM	04/02/14	5,458	0.061
03/06/13 (*)	BDM	04/02/14	12,436	0.139
05/07/14	BDM	05/28/14	5,994	0.067
05/07/14	BDM	05/28/14	11,900	0.133
06/08/14	BDM	08/27/14	5,995	0.067
06/08/14	BDM	08/27/14	11,899	0.133
Total			**53,682**	**0.600**
Closing Price		**-**	-	**8.74**
Dividend Yield		-	-	**6.9%**

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

Social, Environmental and Corporate Responsibility

Open Doors Program

To contribute to a better understanding by society of the extraction and processing of chrysotile asbestos, the manufacturing of fiber-cement products in a sustainable manner and the health and safety practices adopted, in November 2004, Eternit created its Open Doors Program. The program entails visits by the public to the Group's five fiber–cement units located in Anápolis (Goiás), Colombo (Paraná), Goiânia (Goiás), Rio de Janeiro (Rio de Janeiro), and Simões Filho (Bahia), as well as to SAMA, the mining company located in Minaçu in the north of Goiás. Since its introduction, the program, which is considered one of the largest in the market, has already received over 64,000 visitors.

To schedule a visit, please check the location of the unit closest to you and send an e-mail to the addresses on the Eternit website (www.eternit.com.br/sobre-a-eternit/portas-abertas - in Portuguese).

Legal issue regarding chrysotile mineral

The Company clarifies that the extraction, processing, use, sale and transport of chrysotile asbestos and products containing the mineral are regulated by Federal Law 9055/95, Decree 2,350/97 and the Regulatory Rules of the Ministry of Labor and Employment.

State Law 10,813/2001 in the state of São Paulo and State Law 2,210/2001 in the state of Mato Grosso do Sul, which prohibited the importation, extraction, processing, sale and installation of products or materials containing any sort of asbestos, in any form, were both, through Direct Actions of Unconstitutionality (ADI) No. 2656 and No. 2396, adjudicated and declared unconstitutional by the Federal Supreme Court (STF), based on the fact that they violated the jurisdiction of the federal government.

Current State Laws 12,684/2007 in São Paulo, 3,579/2004 in Rio de Janeiro, 11,643/2001 in Rio Grande do Sul and 12,589/2007 in Pernambuco that restrict the use of asbestos in their jurisdiction are currently the subject-matter of the ADIs filed by the National Confederation of Industrial Workers (CNTI) at the Federal Supreme Court (STF).

On April 2, 2008, the National Association of Labor Court Judges (ANAMATRA) and the National Association of Labor Prosecutors (ANPT) filed ADI No. 4,066 questioning the constitutionality of Article 2 of Federal Law 9,055 of 1995.

On December 30, 2013, State Law 21,114/13 was sanctioned, whose Article 1 prohibits the importation, transportation, storage, manufacturing, sale and use of products containing asbestos in the state of Minas Gerais, providing for a period of 8 to 10 years for full compliance with said Article 1. Therefore, compliance with this provision will be required as of 2021 and 2023, respectively.

The Company reaffirms its belief in Brazil's legal system and expects the technical and scientific evidence to be considered during the judgment of these lawsuits.

Recognition

The numerous awards received over the past seven decades since its foundation are proof that the Company is serious about what it does for all its stakeholders. Following is a list of the awards won in the second quarter of 2014:

The 2014 Best Workplaces in Latin America – SAMA was elected the sixth best company to work for in Latin America by the Great Place to Work (GPTW) Institute, and was the only mining company awarded at the international GPTW in the category of 500 to 1,000 employees.

GPTW Best Companies to Work for – Midwest – 2014 – for the fourth consecutive time, SAMA was elected by Great Place to Work and the newspaper O Popular as one of the best companies to work for in the Midwest, and was ranked first.

Most Admired HR Departments in Brazil 2014 – Flávio Grisi and Moacyr de Melo Junior, respectively the HR officer of Eternit and the HR manager of SAMA, were awarded for being part of the Most Admired HR Departments in Brazil 2014, organized by the magazine Gestão RH.

20th ABEMD Award - 2014 – granted by the Brazilian Direct Marketing Association (ABEMD), Eternit won in the Digital/Mobile – Browsing Optimization category with its **"New Eternit Portal – The Brand of the Owl"** project.

Outlook

Economic activity grew moderately at the start of the year and the GDP growth expectation for 2014, which was once again lowered, now stands at 0.86% (as per the FOCUS report published by the Central Bank of Brazil on August 01), already taking into consideration the slowdown of the Brazilian economy in relation to 2013, as well as other advances that depend on higher confidence of companies and households. The construction industry is one of the drivers of the country's economic development, which involves the actual industry, the construction materials industry and its suppliers, as well as services along the chain, which generate jobs and income in the country. Despite the Brazilian government's increased investments in housing, basic sanitation and infrastructure, and the signs of a positive scenario for the Brazilian economy in general, the projected GDP of the construction industry is 2.2% lower for 2014, according to the Central Bank's Report on Inflation.

Given the current economic scenario and the expectations of GDP growth of below 1.0%, the Central Bank announced the injection of R$ 45 billion into the financial system to finance new consumer and corporate credit lines in order to resume economic growth.

Brazil suffers from a severe housing deficit, which is estimated by the João Pinheiro Foundation at 6.9 million units, which is formed by families that are burdened by excessively high rents and by the cohabitation of families, which represents 70% of the country's housing shortage, followed by precarious living conditions and excessive density in the rented houses. According to studies for the industry conducted by the U.S. consulting firm Booz Allen Hamilton, 77% of the housing units in Brazil are built under a self-build regime, since 72% of this deficit is concentrated in households earning up to three minimum monthly wages and in which the activities of contractors is very limited.

New job creation, better income distribution, increased financing, higher investments in infrastructure and more units built under the government's My Home, My Life housing program will help resolve the housing problem, while also having a positive impact on the Company's business, given the stronger demand for the products in our portfolio targeting primarily self-build construction projects.

Supported by its Structured Expansion and Diversification Program, Eternit is preparing to become the most diversified construction materials manufacturer in Brazil. The first phase of this program consolidated Eternit as the country's largest and most diversified roofing products manufacturer in 2010, and its capacity to innovate and develop competitive advantages has enabled it to double its revenue. The Company is now starting a new cycle to become the most diversified manufacturer of construction materials in Brazil using the force of its brand and the extensive reach of its network of more than 16,000 points of sale.

The guidelines of the Program are: (i) organic growth to expand its current capacities to sell more of the same; (ii) diversified organic growth, with the objective of including new products in the Company's portfolio, drawing on the capacity of third parties or on product development; and (iii) inorganic growth, with the objective of acquiring companies in the construction materials segment.

Companhia Sulamericana de Cerâmica, the first bathroom chinaware plant (initial production capacity of 1.5 million units/year) at the multiproduct unit in Ceará, started operations and domestic sales in 2014. Since the joint venture between the Eternit Group and Colceramica, a company of the Colombian multinational group Organizações Corona, is a greenfield project, it will be officially inaugurated after gaining certain momentum and after the progress and growth targets for the ramp up phase are met.

In line with its Expansion and Diversification Plan, the Company will focus its efforts in the second half of 2014 on consolidating the investments in Fortaleza and in the unit for the research, development and production of construction material inputs in Manaus.

According to the Brazilian Association of Construction Materials Industry (ABRAMAT), the construction materials sector registered a 4.6% decline in year-to-date sales compared to the same period in 2013, and a 13.6% decline in June, due to the slowdown in sector activity on account of the soccer World Cup. As a result, ABRAMAT reduced the projected sales growth for 2014 from 4.5% to 2.0%. Expectations for the second half of the year point to a recovery and positive results in comparison with 2013, combined with resumption of construction and renovation works that drive the retail segment, improvements in the real estate sector, as well as the maintenance of income, employment and credit supply levels in the market.

According to Brazil's National Association of Construction Material Dealers (ANAMACO), construction material sales in the second half account for around 60% of annual sales, and it expects sales growth to once again pick up momentum, which has historically coincided with the period of highest demand for the Company.

Management believes that it is important to take into account the current scenario in the Brazilian economy, with factors such as weak GDP growth, the competitiveness of the country's manufacturing sector, which faces infrastructure bottlenecks and a weak local currency, the new challenges that will emerge during the course of the year, which could impact the country's investment projects, new job creation and income distribution.

Regardless of the challenges mentioned above, Eternit believes in the resumption of growth of the Brazilian economy and, especially, of its sector.

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 second quarter of 2014.

Presentation: Rodrigo Lopes da Luz – Chief Financial Officer and IR
Date: Friday, August 8, 2014
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/2q14.htm** or at Eternit's investor relations website: **www.eternit.com.br/ir**

To participate in the presentation by telephone, dial **(55-11) 3193-1001 or 2820-4001** in Brazil and **(1 786) 924-6977** in other countries – Password for participants: **Eternit**

Playback*:* A recording of the call will be available from **August 8, 2014** to **August 14, 2014**
Dial-in: **(55-11) 3193-1012 or 2820-4012** - Password for participants: **2287501#**

Eternit

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ETERNIT S.A.

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company 06/30/14	Parent Company 12/31/13	Consolidated 06/30/14	Consolidated 12/31/13
Current	**222,655**	**227,911**	**388,652**	**389,943**
Cash and cash equivalents	1,757	9,516	4,976	13,295
Short-term investments	21,103	9,897	44,365	35,661
Accounts receivable	64,639	69,774	155,782	160,389
Related parties	35,953	31,615	8,683	9,780
Inventories	86,371	85,833	152,501	141,944
Recoverable taxes	7,951	16,542	11,636	19,648
Other current asset	4,881	4,734	10,709	9,226
Non-current	**465,411**	**467,026**	**464,436**	**443,689**
Related parties	11,041	9,723	2,110	2,018
Deferred income and social contribution taxes	24,907	24,037	54,779	55,112
Recoverable taxes	22,597	22,219	24,678	25,022
Judicial deposits	7,373	8,819	14,174	15,536
Investments	256,411	247,729	33,430	36,032
Plant, property and equipment, net	136,566	149,425	303,020	279,064
Intangible assets	6,177	4,584	30,162	28,676
Other non-current asset	339	490	2,083	2,229
Total assets	**688,066**	**694,937**	**853,088**	**833,632**

LIABILITIES AND EQUITY	Parent Company 30/06/14	Parent Company 31/12/13	Consolidated 30/06/14	Consolidated 31/12/13
Current Liabilities	**82,804**	**88,826**	**180,165**	**193,082**
Trade accounts payable	18,836	22,444	37,399	39,293
Related parties	7,930	7,243	-	-
Loans and financing	8,535	8,944	55,790	56,881
Taxes, charges and contributions payable	8,349	12,226	21,971	34,015
Provision and social charges	15,054	12,980	29,941	28,009
Dividends and interest on equity payable	17,723	17,881	17,723	17,881
Provision for future benefits to former employees	2,174	2,174	3,861	3,861
Other current liabilities	4,203	4,934	13,480	13,142
Non-Current	**93,320**	**99,998**	**160,965**	**134,421**
Loans and financing	4,863	14,368	48,169	25,799
Related parties	30,334	29,108	-	-
Provision for future benefits to former employees	24,238	23,710	34,994	34,527
Provision for civil, tax and labor contigencies	24,607	25,115	56,220	54,659
Deferred income and social contribution taxes	9,278	7,697	11,071	9,432
Environmental restoration of degraded mining areas	-	-	10,210	9,726
Other non-current liabilities	-	-	301	278
Equity	**511,942**	**506,113**	**511,958**	**506,129**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,672	19,672	19,672	19,672
Treasury stock	(174)	(174)	(174)	(174)
Other Comprehensive Income	(3,443)	(3,443)	(3,443)	(3,443)
Income reserves	161,636	155,807	161,636	155,807
Net equity attributable to non-minority shareholders	**511,942**	**506,113**	**511,942**	**506,113**
Minority shareholders	-	-	16	16
Total Liablities and equity	**688,066**	**694,937**	**853,088**	**833,632**

ETERNIT S.A. (PARENT COMPANY)

Income Statements

Corporate Law

R$ ´000	2nd Quarter 2014	2nd Quarter 2013	% Chg.	Accum. 6 Months 2014	Accum. 6 Months 2013	% Chg.
Gross revenues	**148,843**	**164,352**	**(9.4)**	**314,558**	**325,052**	**(3.2)**
Gross revenues deductions	(38,736)	(43,155)	(10.2)	(82,117)	(85,102)	(3.5)
Net revenues	**110,107**	**121,197**	**(9.2)**	**232,441**	**239,950**	**(3.1)**
Cost of products sold	(80,597)	(88,678)	(9.1)	(172,182)	(174,774)	(1.5)
Gross profit	**29,510**	**32,519**	**(9.3)**	**60,259**	**65,176**	**(7.5)**
Gross margin	***27%***	***27%***		***26%***	***27%***	
Operating revenues (expenses)	**(28,733)**	**(29,440)**	**(2.4)**	**(55,766)**	**(57,963)**	**(3.8)**
Sales	(15,428)	(14,508)	6.3	(29,398)	(28,501)	3.1
General and administrative	(12,525)	(13,758)	(9.0)	(25,410)	(27,115)	(6.3)
Other operating (expenses) revenues, net	(780)	(1,174)	(33.6)	(958)	(2,347)	(59.2)
Operating income before equity income (EBIT)	**777**	**3,079**	**(74.8)**	**4,493**	**7,213**	**(37.7)**
EBIT margin	***1%***	***3%***		***2%***	***3%***	
Equity pickup	15,389	24,014	(35.9)	34,340	42,052	(18.3)
Operating income before financial expenses (EBIT)	***16,166***	***27,093***	**(40.3)**	***38,833***	***49,264***	**(21.2)**
Net financial income	**212**	**(1,352)**	**-**	**1,914**	**(1,425)**	**-**
Financial expenses	(4,880)	(3,697)	32.0	(10,061)	(6,732)	49.4
Financial income	5,092	2,345	117.2	11,975	5,307	125.6
Income before tax and social contribution	**16,378**	**25,741**	**(36.4)**	**40,747**	**47,840**	**(14.8)**
Deferred	1,749	1,399	25.1	870	773	12.6
Net income	**18,127**	**27,140**	**(33.2)**	**41,617**	**48,613**	**(14.4)**
Net margin	***16%***	***22%***		***18%***	***20%***	
Earnings per share - R$	0.20	0.30	(33.2)	0.47	0.54	(14.4)
EBITDA	**3,693**	**5,822**	**(36.6)**	**10,299**	**12,730**	**(19.1)**
EBITDA margin	***3%***	***5%***		***4%***	***5%***	

ETERNIT S.A. (CONSOLIDATED)

Income Statements

Corporate Law

R$ ´000	2nd Quarter 2014	2nd Quarter 2013	% Chg.	Accum. 6 Months 2014	Accum. 6 Months 2013	% Chg.
Gross revenues	**278,180**	**302,829**	**(8.1)**	**588,868**	**579,129**	**1.7**
Gross revenues deductions	(57,552)	(61,329)	(6.2)	(124,548)	(126,366)	(1.4)
Net revenues	**220,628**	**241,500**	**(8.6)**	**464,320**	**452,763**	**2.6**
Cost of products sold	(131,159)	(142,582)	(8.0)	(284,100)	(269,289)	5.5
Gross profit	**89,469**	**98,918**	**(9.6)**	**180,220**	**183,474**	**(1.8)**
Gross margin	***41%***	***41%***		***39%***	***41%***	
Operating revenues (expenses)	**(61,270)**	**(59,227)**	**3.4**	**(118,370)**	**(113,000)**	**4.8**
Sales	(29,490)	(29,542)	(0.2)	(57,925)	(56,208)	3.1
General and administrative	(31,287)	(28,294)	10.6	(59,804)	(54,018)	10.7
Other operating (expenses) revenues, net	(493)	(1,391)	(64.5)	(641)	(2,774)	(76.9)
Operating income before equity income (EBIT)	**28,199**	**39,691**	**(29.0)**	**61,850**	**70,474**	**(12.2)**
EBIT margin	***13%***	***16%***		***13%***	***16%***	
Equity income	(2,145)	(923)	132.3	(2,602)	(1,742)	49.3
Operating income before financial expenses (EBIT*)	***26,054***	***38,768***	**(32.8)**	***59,248***	***68,732***	**(13.8)**
Net financial income	**220**	**(1,559)**	**-**	**2,011**	**(1,769)**	**-**
Financial expenses	(10,383)	(12,129)	(14.4)	(23,432)	(20,956)	11.8
Financial income	10,603	10,570	0.3	25,443	19,187	32.6
Income before tax and social contribution	**26,275**	**37,209**	**(29.4)**	**61,259**	**66,963**	**(8.5)**
Current	(9,907)	(12,674)	(21.8)	(19,310)	(20,559)	(6.1)
Deferred	1,760	2,605	(32.4)	(332)	2,209	-
Net income	**18,127**	**27,140**	**(33.2)**	**41,617**	**48,613**	**(14.4)**
Net margin	***8%***	***11%***		***9%***	***11%***	
Earnings per share - R$	0.20	0.30	(33.2)	0.47	0.54	(14.4)
EBITDA	**35,345**	**47,596**	**(25.7)**	**77,716**	**86,417**	**(10.1)**
EBITDA margin	***16%***	***20%***		***17%***	***19%***	

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

Equity income: this line refers to the proportional result from the bathroom chinaware plant in the state of Ceará, which is a joint venture between the Eternit Group and Colceramica, a company of the Colombian multinational Organizações Corona.

ETERNIT S.A.

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	06/30/14	06/30/13	06/30/14	06/30/13
Operating activities:				
Income before income and social contribution taxes	**40,747**	**47,840**	**61,259**	**66,963**
Adjustments to reconcile pre-tax income with net cash provided by operating activities:				
Equity pickup	(34,340)	(42,052)	2,602	1,742
Depreciation and amortization	5,806	5,517	18,468	17,685
Gain (loss) from disposal of permanent assets	(162)	(50)	(270)	(97)
Provision for impairment losses on accounts receivable	351	220	800	458
Provision for civil, tax and labor contigencies	1,232	699	3,301	1,625
Provision (reversal) for sundry losses	115	802	522	1,715
Financial charges, monetary changes and foreign exchange variation	139	2,604	(2,085)	(137)
Short-term investment yield	(1,163)	(1,364)	(2,538)	(2,254)
Net changes in prepaid expenses	751	771	664	1,076
	13,476	**14,987**	**82,723**	**88,776**
(Increase) decrease in operating assets:				
Trade accounts receivable	4,807	1,098	3,685	5,660
Related parties receivable	1,587	161	1,005	-
Inventories	(121)	(30,395)	(10,007)	(36,291)
Recoverable taxes	9,286	(290)	9,055	(461)
Judicial deposits	(294)	(814)	(378)	(877)
Received dividends	31,822	33,622	-	-
Other assets	(613)	(2,248)	(2,396)	(2,602)
Increase (decrease) in operating liabilities				
Trade accounts payable	(3,635)	5,560	(1,896)	5,424
Related parties payable	687	2,047	-	-
Taxes, charges and contribution payable	(3,048)	(247)	(5,426)	(292)
Provisions and social charges	2,074	1,821	1,932	(733)
Other liabilities	(928)	(314)	577	(260)
Interest paid	(154)	(200)	(327)	(287)
Income and social contribution taxes paid	-	(16)	(25,075)	(27,569)
Net cash flow from operating activities	**54,946**	**24,772**	**53,472**	**30,488**
Cash flow from investment activities				
Additions to property, plant and equipment and intangible assets	(9,072)	(20,555)	(43,982)	(32,253)
Loan from related party receivable	(1,318)	(246)	-	-
Cash receipt from the sale of property, plant & equipment	221	337	340	399
Capital increase in subsidiaries	(12,499)	(16,017)	-	(16,017)
Short-term investments	(57,700)	(60,083)	(143,549)	(149,501)
Redemptions from short-term investments	47,657	93,423	137,383	181,170
Net cash flow from investment activities	**(32,711)**	**(3,141)**	**(49,808)**	**(16,202)**
Cash flow from financing activities				
Loans and financing raised	5,103	10,838	116,373	91,617
Loan with related party	(216)	(139)	-	-
Amortization of loans and financing	(294)	(109)	(93,769)	(81,466)
Payment of dividends and interest on equity	(34,587)	(34,537)	(34,587)	(34,537)
Net cash flow from financing activities	**(29,994)**	**(23,947)**	**(11,983)**	**(24,386)**
Increase (decrease) in cash and equivalents	**(7,759)**	**(2,316)**	**(8,319)**	**(10,100)**
Cash and equivalents:				
At the beginning of the year	9,516	3,852	13,295	16,656
At the end of the year	1,757	1,536	4,976	6,556
	(7,759)	**(2,316)**	**(8,319)**	**(10,100)**