

## Consolidated net revenue up by 9% in 3Q13 and Eternit enhances its ongoing Plan for Expansion and Diversification

**São Paulo, November 7, 2013** – Eternit S.A. (BM&FBOVESPA: ETER3; OTC: ETNTY), founded 73 years ago, market leader in the Brazilian roofing segment, with a significant presence in the bathroom chinaware and metal bathroom fittings segments and a manufacturer of components for construction systems, today announces its results for the 3<sup>rd</sup> quarter of 2013 (3Q13). The Company's operational and financial information, except where otherwise indicated, is shown on a consolidated basis in Brazilian Reals, in accordance with Brazilian Corporation Law, and International Financial Reporting Standards - IFRS. All the comparisons made in this press release are with the 3<sup>rd</sup> quarter of 2012 (3Q12), except where otherwise indicated.

### 3Q13

#### Share Price Quote (10/31/13) ETER3

R\$/share	9.50
US\$/share	4.31

#### Shareholding Base (10/31/13)

Total Shares	89,500,000
Free Float	85.0%

#### Market Value - (10/31/13)

R\$ 850 million
US\$ 386 million

#### Shareholder Remuneration (2013)

R\$ 0.80 per share
Dividend yield: 9.9%

#### Indicators - (Sep/13)

VPS (R\$/share)	5.62
Quote/VPS	1.69
P/E	8.04

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Eternit ended the third quarter of 2013 with a performance well above that of the rest of the construction materials sector, operating at full capacity in its chrysotile mining operations, at around 90% in its fiber-cement operation and approximately 60% in its concrete tile business.

Chrysotile sales volume amounted to 72,400 tons in 3Q13, compared to 73,700 tons in 3Q12, practically unchanged comparing the two quarters. In the same period, fiber-cement sales volume was up 7.2%, while the sales volume for concrete tiles was down by 9.9% as a result of lower demand in the top end of the roofing segment.

Consolidated net sales in 3Q13 amounted to R\$ 251.3 million, up 9.4% compared to 3Q12 due to an increase in sales volume of fiber-cement and bathroom chinaware products, a satisfaction sales policy and appreciation in the US dollar against the Brazilian real.

EBITDA in 3Q13 totalled R\$ 49.3 million, up 8.9% compared to 3Q12, as a result of the positive contribution of gross profit, despite the increase in operational expenses, principally expenses associated with the setting up of the bathroom chinaware plant, in the state of Ceará (CE). As a consequence, net earnings came to a total of R\$ 28.4 million in 3Q13, up 4.7% compared to 3Q12.

The Company continued its Plan for the Expansion and Diversification of its portfolio, with products from floor-to-ceiling for the next 70 years, allocating additional investment. Investments in 9M13 totalled R\$ 70.2 million, up 59.4% compared to 9M12. The majority of these funds were allocated to the construction of the bathroom chinaware plant in the state of Ceará, the setting up of a research, development and production unit for construction material inputs in the state of Amazonia and the updating of the Group's industrial park.

Eternit was elected by Capital Aberto Magazine as being one of the Best Companies for Shareholders in 2013, in the category of companies with assets up to R\$ 2 billion. These awards select companies that have been outstanding in terms of profitability of the business, share return, liquidity, corporate governance and sustainability.

### Main Indicators

Consolidated - R\$ `000	3rd Quarter			Accum. 9 Months		
	2013	2012	% Chg.	2013	2012	% Chg.
<b>Gross Revenues</b>	<b>322,395</b>	<b>297,372</b>	<b>8.4</b>	<b>901,524</b>	<b>842,577</b>	<b>7.0</b>
<b>Net Revenues</b>	<b>251,371</b>	<b>229,788</b>	<b>9.4</b>	<b>704,134</b>	<b>651,057</b>	<b>8.2</b>
Gross Profit	102,903	97,755	5.3	286,377	283,711	0.9
<i>Gross Margin</i>	41%	43%	- 2 p.p.	41%	44%	- 3 p.p.
<b>Operating Income (EBIT) <sup>1</sup></b>	<b>41,342</b>	<b>38,030</b>	<b>8.7</b>	<b>110,074</b>	<b>110,446</b>	<b>(0.3)</b>
<b>Net Income</b>	<b>28,369</b>	<b>27,102</b>	<b>4.7</b>	<b>76,982</b>	<b>84,022</b>	<b>(8.4)</b>
<i>Net Margin</i>	11%	12%	- 1 p.p.	11%	13%	- 2 p.p.
EPS (R\$/share)	0.32	0.30	4.7	0.86	0.94	(8.4)
Investments	21,954	23,505	(6.6)	70,223	44,062	59.4
<b>EBITDA <sup>2</sup></b>	<b>49,294</b>	<b>45,255</b>	<b>8.9</b>	<b>135,711</b>	<b>130,730</b>	<b>3.8</b>
<i>EBITDA Margin</i>	20%	20%	-	19%	20%	- 1 p.p.

<sup>1</sup> Before financial results.

<sup>2</sup> Operating income before interests, taxes, depreciation and amortization

## General Scenario and Markets

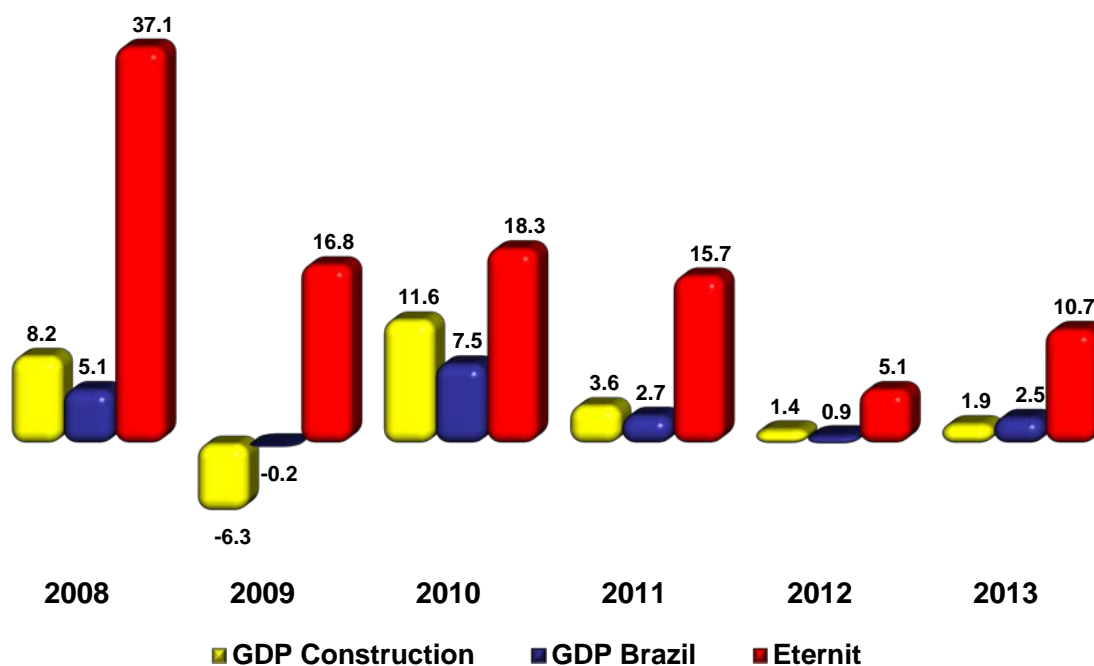
On the international front, since 2012, risks to global financial stability have remained high, there being a low probability of extreme events occurring in international financial markets. Despite the evidence indicating growth rates in mature economies that are low and well short of potential, the Committee of Brazilian Central Bank (BACEN) is of the opinion that the international scenario will remain complex and has not changed its outlook for the global economy 2013.

On the domestic front, the Brazilian economy continues to expand, with the rate of economic activity having increased since the start of 2013, with a recovery in exports and increased levels of investment. In this regard, BACEN expects consumption to continue to grow, but at a more modest rate, projecting GDP growth at 2.5% for 2013, and a GDP of 1.9% for the construction sector (0.8 p.p. higher than its previous estimate for this sector).

According to the Brazilian Construction Materials Industry Association (ABRAMAT), sales of construction material in 9M13 increased by 4.3% compared to the same period a year earlier, higher than the forecast of 4.0% for 2013, which was revised downward (-0.5 p.p.) in July. The result for the month of September was the sixth positive result in the comparison series with the same months last year, after the negative figures seen in February and March of 2013.

Expectations for the coming months are for these results to continue positive in relation to 2012, but the realization of these expectations will depend on the government continuing its stimulus measures in the construction sector, family incomes and employment levels, as well as the availability of credit in the marketplace.

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



Source: BACEN - Projected GDP growth in 2013 for Brazil and the construction.  
 Eternit's growth in terms of consolidated gross revenue is arrived at by comparing the period from January to September 2013 with the same period in 2012, corrected for inflation in accordance with the IGP-M indicator.

The continuance of the government programs such as Minha Casa Minha Vida (my house, my life), the Program for Accelerated Growth (PAC), as well as investments in mega-sporting events – the 2014 World Cup and the 2016 Olympic Games – and the additional works required by them, all indicate good prospects over the next few years, and are beneficial to the construction sector of which Eternit is a part, in addition to the generation of jobs, the distribution of income as a result of these building works, and stimulus measures offered by public and private-sector commercial banks for the purchase of construction material, which have a positive impact on demand for products in our portfolio.

## Operational and Financial Aspects

Demand for construction materials saw a modest increase in the third quarter of 2013, according to the Brazilian Construction Materials Industry Association (ABRAMAT), while the Company significantly outperformed the rest of its sector.

Demand for chrysotile asbestos remained stable during the third quarter of 2013, which led the Company to maintain its strategy of operating at full capacity in its mining operations. In its line of finished products, production accompanied demand, with a capacity utilization rate of approximately 90% in the fiber-cement operation and approximately 60% in terms of concrete tile production.

Current annual production capacity is approximately 300,000 tons in the chrysotile mining operation, 1 million tons in the fiber-cement operation and 10 million square meters in terms of concrete tile production.

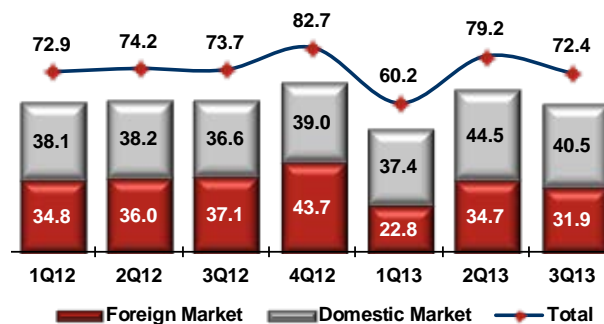
## Sales

### Chrysotile Asbestos

Chrysotile asbestos sales in 3Q13 amounted to a total of 72,400 tons, compared to 73,700 tons in 3Q12, practically unchanged comparing the two quarters. Of particular note was the domestic market, with growth in demand of 10.6% due to the competitiveness of the national mineral front of the imported, besides the increase in demand for roofing materials, which compensated for the downturn of 14.2% in export markets. The Company has a strategy of prioritising supplies to the domestic market, while exporting its surplus.

In the first nine months of 2013, sales amounted to 211,800 tons, down 4.1% compared to 9M12. Taking the same comparison period, exports fell by 17.2%, partially compensated for sales to the domestic market, which increased by 8.4%, as a consequence of the aspects commented on above.

Sales of Chrysotile Mineral (thous. Tons.)\*

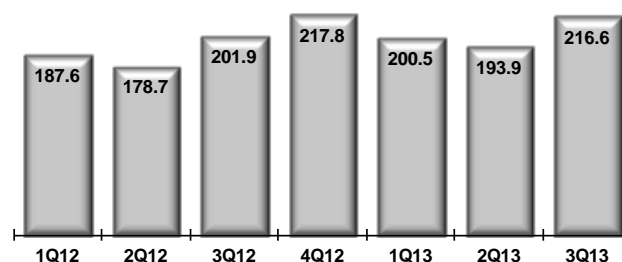


(\*) Chrysotile sales volume includes inter-company sales, which represented 38.6% of sales volume to the domestic market in 3Q13.

### Fiber-cement

Fiber-cement sales volume, including components for construction systems, amounted to 216,600 tons in 3Q13, up 7.2% compared to the volume reported in 3Q12, due to the increase in demand for roofing materials as a function of natural aspects (tropical storms), principally in the south and southeast of the Country. In 9M13, sales came to a total of 611,000 tons, up 7.5% compared to the same period a year earlier, as mentioned earlier.

Sales of Fiber Cement (thous. Tons.)

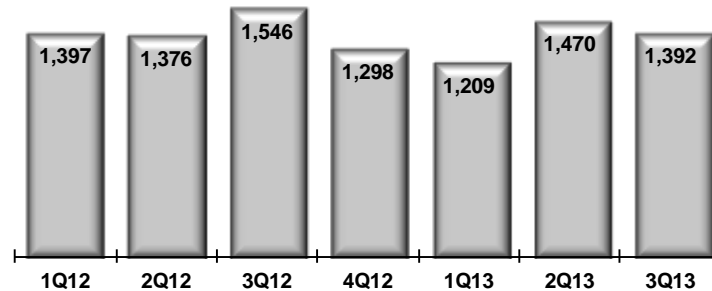


## Concrete Tiles

In 3Q13, concrete tile sales amounted a total of 1,392,000 square meters, down 9.9% compared to the third quarter of 2012, as a consequence of lower demand in the top end of the roofing segment.

In 9M13 sales volume amounted to 4,071,000 square meters, down 5.7% compared to 9M12, as a function of the aspects commented on above. Tégula has a portfolio of more than 33 product lines, the majority of which are different types of concrete tiles.

Sales of Concrete Tiles (thous.m<sup>2</sup>)



## Other Products

Bathroom chinaware products are playing an increasingly important part of the Company's portfolio, with preparations being made to begin operations at its plant in the state of Ceará. In only four years in the bathroom chinaware segment, Eternit has already achieved a prominent position, in some cases even outperforming traditional players in this segment.

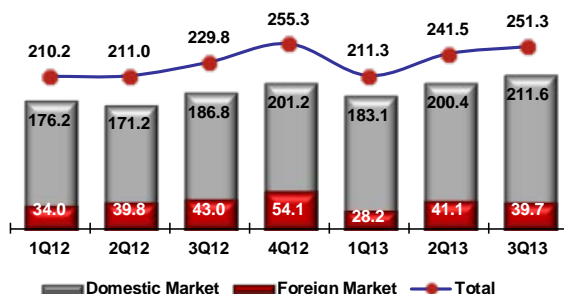
Other products sold, although on a smaller scale, include metal bathroom fittings, lavatory seats, metal tiles, among others.

## Consolidated Net Revenue

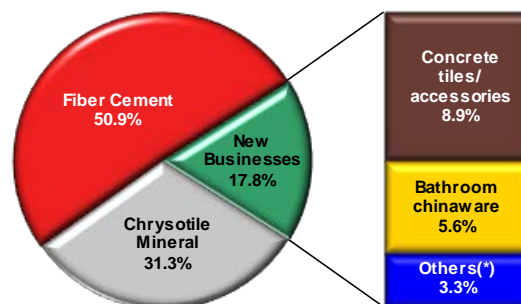
Consolidated Net Revenue in 3Q13 amounted to a total of R\$ 251.3 million, up 9.4% compared to the same period in 2012, due to the good performance seen in the domestic market.

Sales to the domestic market, which include finished products and chrysotile asbestos, totalled R\$ 211.6 million in 3Q13, an increase of 13.3%, as a consequence of a satisfactory sales policy, and increased sales volume of fiber-cement and bathroom chinaware products<sup>1</sup>. In export terms, net revenue was down by 7.5% compared to 3Q12, coming to a total of R\$ 39.7 million, as a consequence of a drop in volume, partially neutralised by the appreciation of the US dollar against the Brazilian real.

Net Consolidated Revenue (R\$ million)



Breakdown of Net Consolidated Revenue (3Q13)



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

<sup>1</sup> With the start-up of industrial operations at Companhia Sulamericana de Cerâmica (CSC), scheduled for the end of 2013, Eternit's sales of bathroom chinaware and lavatory seats (plants in Rio de Janeiro/RJ and Simões Filho/BA) were transferred to CSC in the amount of R\$ 5.0 million in 3Q13. This figure has not been eliminated in the consolidated net revenue figure, as a function of CPC 36 and IFRS 10 as applied to the consolidated financial statements. The transfer of the other units will take place in 4Q13.

On a comparison between 3Q13 and 3Q12, performance by product line showed an increase of 7.1% in chrysotile asbestos revenue, an increase of 11.0% in fiber-cement sales and a drop of 2.8% in the sales of concrete tiles and roofing accessories, totalling R\$ 78.7 million, R\$ 127.9 million and R\$ 22.4 million, respectively, as a function of the aspects commented on earlier.

The line of other products (metal tiles, polythene water tanks, bathroom chinaware, lavatory seats, metal bathroom fittings, water pipe filters, synthetic marble and components for construction systems) accounted for total sales of R\$ 22.3 million in 3Q13, up 24.0% compared to 3Q12. The most important of these was the line of bathroom chinaware products<sup>2</sup>, responsible for 5.6% of consolidated net revenue, the result of efficient logistics and the strength of the Company's brand name, both of which are important differentials for Eternit in the diversification of its portfolio.

In the first nine months of 2013, consolidated net revenue amounted to R\$ 704.1 million, up 8.2% compared to the same period in 2012. This good performance was due to sales to the domestic market, which totalled R\$ 595.1 million, up 11.4% compared to 9M12, due to the increase in demand for construction materials and a satisfactory sales policy. Export sales totalled R\$ 109.0 million, down 6.7% compared to the same period a year earlier, as a result of a drop in sales volume, which was partially compensated for by an increase in prices, and the 10.2% appreciation of the US dollar against the Brazilian real (comparing the average *ptax* rates in the period).

## Cost of Extraction, Production and Products Sold

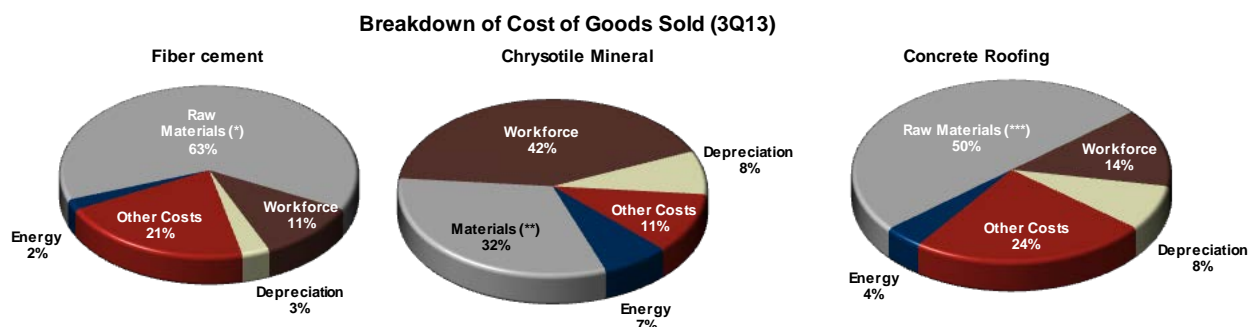
The consolidated cost of products sold came to a total of R\$ 148.5 million in 3Q13, up 12.4% compared to 3Q12, as a result of an increase in the cost of extraction and production. As a function of the increase in the consolidated cost of products sold being higher than the increase in net consolidated revenue in 3Q13, gross margin narrowed by 2 percentage points to 41%.

The main variations in the costs of extraction and production are shown below:

**Chrysotile mining:** increase of 5% as a function of depreciation of new equipment and trucks in the extraction area, and higher consumption of inputs (fuel and tires).

**Fiber-cement:** increase of 1% due to the rise in the price of the Company's principal raw materials (cement and chrysotile asbestos).

**Concrete tiles:** increase of 1% due to the rise in the price of raw materials (principally grey cement, sand and varnish).



(\*) Raw materials: cement (45%), chrysotile asbestos (43%) and others (12%).

(\*\*) Materials: fuel, explosives, packaging, among others.

(\*\*\*) Raw materials: cement (54%), sand (30%) and others (16%).

In the first nine months of 2013, the consolidated cost of products sold came to a total of R\$ 417.8 million, up 13.7% compared to the amount recorded in 9M12, as a function of the aspects commented on above. As a consequence, gross margin saw a narrowing of 3 percentage points, ending 9M13 at 41%.

<sup>2</sup> With the start of industrial operations of Companhia Sulamericana de Cerâmica (CSC), planned for the end of 2013, sales of Eternit's bathroom chinaware and lavatory seats (plants in Rio de Janeiro/RJ and Simões Filho/BA) were transferred to CSC in the amount of R\$ 5.0 million in 3Q13. This value was not eliminated in the net consolidated revenue figure as a function of CPC 36 and IFRS 10 with respect to the consolidated financial statements. In 4Q13, the transfer will take place of the other units.

## Operational expenses

Total operating expenses in 3Q13 showed an increase of 3.1% compared to the same period a year earlier, of particular note being the main variations:

**Sales expenses:** down 6.2% due to the lower export volumes of chrysotile asbestos.

**General and administrative expenses:** up 4.4% as a result of expenditure on defending the Company's activity.

**Other operational revenues (expenses):** the variation seen is as a result of contingency provisions which were booked in the period, in accordance with an analysis of probability of winning or losing ongoing court cases.

**Negative equity income result:** refers to the expenses of setting up the bathroom chinaware plant in the state of Ceará, a joint-venture between the Eternit Group and Organizações Corona, the Colombian multinational.

In R\$ '000	3rd Quarter			Accum.9 Months		
	2013	2012	Chg. %	2013	2012	Chg. %
Selling expenses	(28,533)	(30,425)	(6.2)	(84,741)	(83,283)	1.8
General and administrative expenses	(30,848)	(29,539)	4.4	(84,866)	(87,079)	(2.5)
Other operating revenues (expenses), net	(126)	405	(131.1)	(2,900)	(2,737)	5.9
<b>Total operating expenses</b>	<b>(59,507)</b>	<b>(59,559)</b>	<b>(0.1)</b>	<b>(172,507)</b>	<b>(173,099)</b>	<b>(0.3)</b>
Equity Income	(2,053)	(166)	1,136.6	(3,795)	(166)	2,186.2
<b>General Total of operating expenses</b>	<b>(61,560)</b>	<b>(59,725)</b>	<b>3.1</b>	<b>(176,302)</b>	<b>(173,265)</b>	<b>1.8</b>

In the first nine months of 2013, operational expenses came to a total of R\$ 176.3 million, increase of 1.8% compared to 9M12, principally as a function of the negative equity income result commented on above.

The net financial result amounted to a negative figure of R\$ 798,000 in the third quarter of 2013, while 3Q12 showed a positive result of R\$ 494,000. The variations shown between the quarters or financial expenses and revenues are basically due to variation in the exchange rate.

In R\$ '000	3rd Quarter			Accum.9 Months		
	2013	2012	Chg. %	2013	2012	Chg. %
Financial expenses	(15,529)	(7,218)	115.1	(36,485)	(27,641)	32.0
Financial income	14,731	7,712	91.0	33,918	32,897	3.1
<b>Net financial result</b>	<b>(798)</b>	<b>494</b>	<b>(261.4)</b>	<b>(2,567)</b>	<b>5,256</b>	<b>(148.8)</b>

In 9M13, the net financial result amounted to a negative figure of R\$ 2.6 million, compared to the positive figure of R\$ 5.3 million reported in 9M12, of particular note being:

**Financial expenses:** positive variation of 32.0%, as a consequence of higher interest paid on the financing of machinery, trucks and equipment, as well as exchange rate variation.

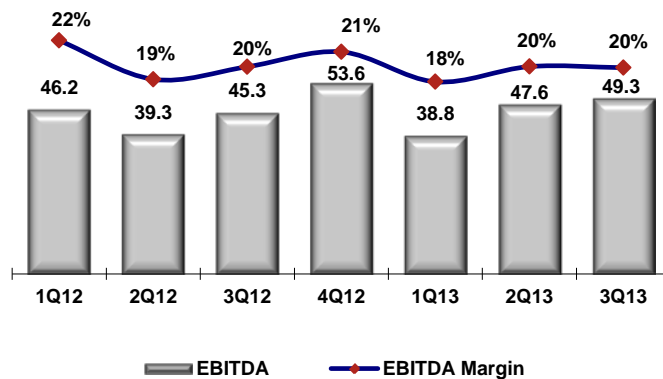
**Financial revenues:** up 3.1% due to the variation in the exchange rate, which partially offset the yield from financial applications as a consequence of the reduction in the level of cash and cash equivalents.

## EBITDA

Consolidated EBITDA (earnings before interest, tax, depreciation and amortisation) totalled R\$ 49.3 million in 3Q13, up 8.9% on 3Q12. This good performance was brought about by the positive contribution in terms of gross profit, which partially neutralised the increase in operating expenses, including the expenses of setting up the bathroom chinaware plant in the state of Ceará. As a consequence, EBITDA margin remained stable at 20%.

In the first nine months of 2013, EBITDA totalled R\$ 135.7 million, up 3.8%, with EBITDA margin of 19%, a narrowing of 1 percentage point compared to 9M12, as a result of the aspects commented on above.

EBITDA (R\$ million) and EBITDA Margin (%)



Reconciliation of Consolidated EBITDA - (R\$'000)	3rd Quarter			Accum. 9 Months		
	2013	2012	% Chg.	2013	2012	% Chg.
<b>Net income</b>	<b>28,369</b>	<b>27,102</b>	<b>4.7</b>	<b>76,982</b>	<b>84,022</b>	<b>(8.4)</b>
Income tax and social contributions	12,176	11,422	6.6	30,526	31,680	(3.6)
Net Financial Income	798	(494)	(261.4)	2,567	(5,256)	(148.8)
Depreciation and amortization	7,951	7,225	10.0	25,636	20,284	26.4
<b>EBITDA</b>	<b>49,294</b>	<b>45,255</b>	<b>8.9</b>	<b>135,711</b>	<b>130,730</b>	<b>3.8</b>

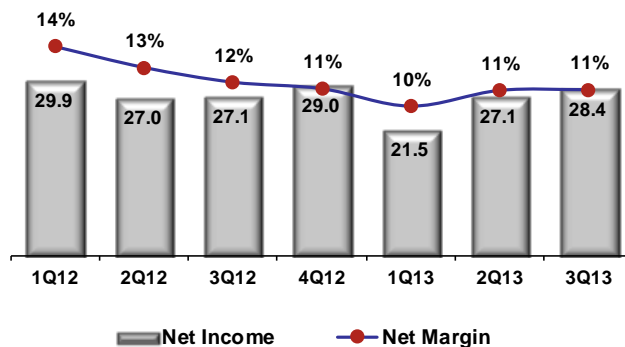
The calculation of EBITDA is carried out in accordance with CVM Instruction No. 527 of October 4, 2012.

## Net earnings

Eternit reported net earnings of R\$ 28.4 million in 3Q13, up 4.7% compared to 3Q12. Net margin narrowed by 1 percentage point, as a result of the aspects commented on above in the section on EBITDA, amounting to 11% in the third quarter of 2013.

In 9M13 net earnings totalled R\$ 77.0 million, with a net margin of 11%, compared to R\$ 84.0 million, and any net margin of 13% in 9M12.

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



## Indebtedness

The Company ended 3Q13 with a positive net debt of R\$ 28.9 million. As at the end of September 2013, the net debt of Eternit and its subsidiaries amounted to a total of R\$ 68.2 million, principally as a function of: (i) Advances on Export Contracts (ACE) obtained in US dollars at an average cost of 3.25% a year (PRIME lending rate); (ii) the financing of machinery and equipment for its operations, under the FINIMP program (import financing), obtained in US dollars at an interest rate of 2.936% a year, and (iii) the financing of lorries, machinery and equipment, through BNDES/FINAME at an annual cost of 6.171%; 4.430% and 3%, respectively, corrected by the TJLP.

Cash, cash equivalents and short-term financial applications totalled R\$ 39.3 million, with financial applications being remunerated at an average rate of 103% of the variation in the CDI rate (Interbank Deposit Certificate).

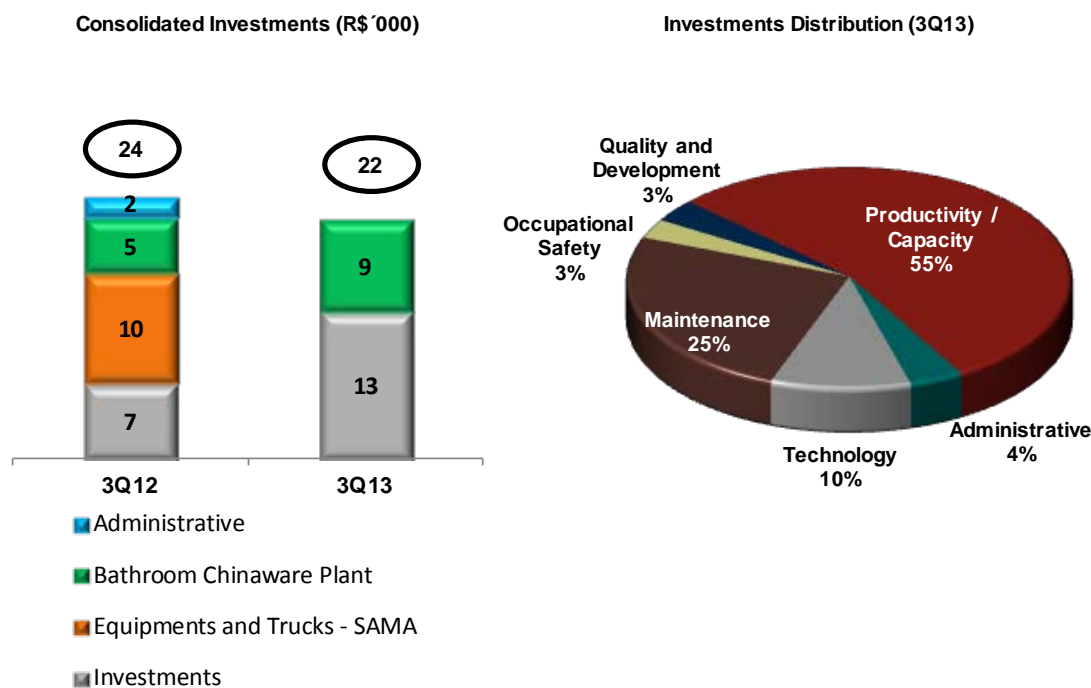
DEBT	Parent Company		Consolidated	
	09/30/13	12/31/12	09/30/13	12/31/12
Gross debt	22,014	8,785	68,214	79,946
Cash and cash equivalents	(4,865)	(3,852)	(8,273)	(16,656)
Short-term investments (same cash equivalents)	(10,173)	(48,612)	(31,062)	(78,930)
<b>Net Debt</b>	<b>6,976</b>	<b>(43,679)</b>	<b>28,879</b>	<b>(15,640)</b>

It should be emphasized that the Company does not have leveraged operations with derivatives of any type, which could be interpreted as speculative positions.

## Investments

The investments of Eternit at its subsidiaries, in 3Q13, totalled R\$ 22.0 million, 6.6% less than in the third quarter of 2012. Funds were allocated, in the main, to the construction of the new bathroom chinaware plant, via a capital injection into Companhia Sulamericana de Cerâmica (CSC), in the state of Ceará and updating of the Group's industrial park.

In the first nine months of 2013, investments came to a total of R\$ 70.2 million, up 59.4% compared to the same period a year earlier, broken down as follows (i) R\$ 24.5 million on the construction of the bathroom chinaware plant; (ii) R\$ 11.5 million on the setting up of a research, development and production unit of inputs for construction materials and (iii) R\$ 34.2 million on the maintenance and updating of the industrial park.



In line with its Structured Plan for Expansion and Diversification, the focus of the Company's investment continues to be on productivity, on the construction of its first bathroom chinaware plant, at the multiproduct unit under construction in the Port of Pecém, in the state of Ceará and in the setting up of a unit for research, development and production of inputs for construction materials in the city of Manaus, in Amazonas.

Completion of the works on the bathroom chinaware plant is scheduled for the end of December 2013, with investment in assets of around R\$ 100 million. Approximately 60% of this will be raised from public-sector banks, while the remainder will come in the form of capital injections in the proportion of 60% (Eternit) and 40% (Organizações Corona), in accordance with the joint-venture split. The construction of the plant can be followed on Eternit's blog <http://blogdaeternit.com.br/>

The setting up of the Eternit Group's 13<sup>th</sup> unit will be over the short and medium term, with planned investment in assets of approximately R\$ 40 million, for which the Company will use funding from third parties on a preferential basis.



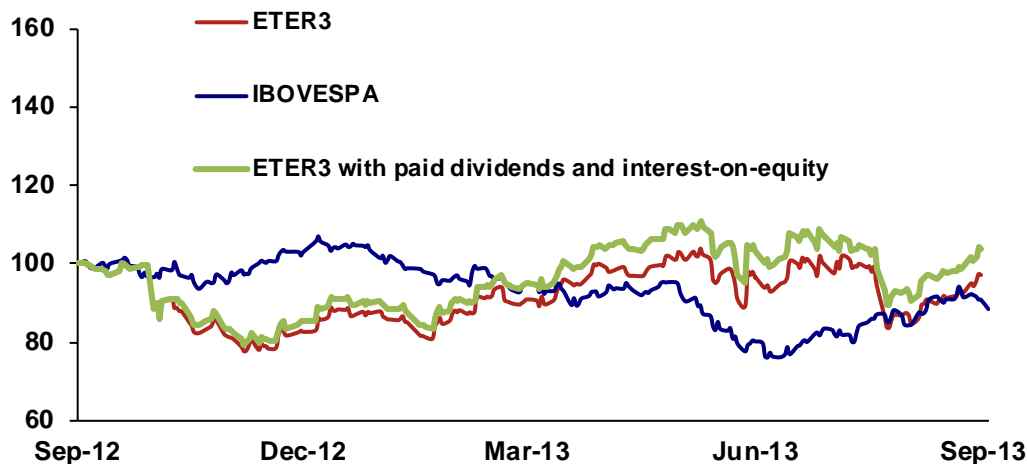
## Capital Markets

Eternit has had its shares listed on the stock exchange since 1948, and since 2006 the shares have been traded on the *Novo Mercado*, the section of BM&FBOVESPA with the highest level of corporate governance, under the ticker code ETER3. The Company also has had a Level I ADR program (American Depositary Receipts), since May 2010, enabling its shares to be traded on the secondary, or over-the-counter market, in the United States, under the ticker code ETNTY.

The shares of Eternit (ETER3) were being quoted at R\$ 9.52 in September 2013, showing a depreciation of 2.9% compared to September 2012. In the same period the Bovespa Index closed at 52,338 points, a depreciation of 11.6%. As at September 30, 2013, Eternit's market capitalisation amounted to R\$ 852 million.

Capital Markets					
ETERNIT (ETER3)	3Q12	4Q12	1Q13	2Q13	3Q13
Closing Price (R\$/Share) - Without dividends	9.80	8.10	8.91	9.45	9.52
Average Volume Traded (Shares)	117,354	146,497	95,939	139,741	85,218
Average Volume Traded (R\$)	1,206,071	1,273,847	818,932	1,326,183	774,671
ETER3 - Quarterly Profitability (%)	-	-17.3	10.0	6.1	0.7
ETER3 - 12 Months Profitability (%)	-	-9.0	-3.6	-14.0	-2.9
IBOVESPA - Quarterly Profitability (%)	-	3.0	-7.5	-15.8	10.3
IBOVESPA - 12 Months Profitability (%)	-	7.4	-12.6	-12.7	-11.6
Market Capitalization (R\$ Million)	877.1	725.0	797.4	845.8	852.0

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



Source: *Economática*

In the third quarter of 2013, Eternit's shareholding base showed a high concentration of private individual shareholders, of 61.1%, with 12.8% consisting of foreign investors and 26.1% consisting of corporate investors, investment clubs, investment funds and foundations.

## Dividends and Interest-on-Equity

Eternit continues to be one of the listed companies in Brazil with the highest rate of return to its shareholders, being one of the few companies to reconcile growth with the distribution of dividends. In 2013, Eternit's dividend yield amounted to 9.9%, with a total amount distributed to shareholders of R\$ 71.6 million.

Payment of dividends and interest-on-equity has traditionally always taken place on a quarterly basis. As a result of this practice, there is a large percentage of private individual shareholders in Eternit's shareholding base.

Dividends Distribution (2011 to 2013)					
Approval Date	Type	Payment Start Date	Total Value R\$ 000	Value per Share (R\$)	
<b>2011</b>					
12/08/10 (*)	BDM	03/25/11	5,637	0.063	
03/02/11 (*)	BDM	03/25/11	21,204	0.237	
04/27/11	BDM	05/20/11	5,905	0.066	
04/27/11	BDM	05/20/11	9,305	0.104	
08/03/11	BDM	08/24/11	5,905	0.066	
08/03/11	BDM	08/24/11	11,989	0.134	
10/26/11	BDM	11/18/11	5,905	0.066	
10/26/11	BDM	11/18/11	14,673	0.164	
<b>Total</b>		-	<b>80,523</b>	<b>0.900</b>	
<b>Closing Price</b>		-	-	<b>12.00</b>	
<b>Dividend Yield</b>		-	-	<b>7.5%</b>	
<b>2012</b>					
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	
<b>Total</b>		-	<b>71,576</b>	<b>0.800</b>	
<b>Closing Price</b>		-	-	<b>8.90</b>	
<b>Dividend Yield</b>		-	-	<b>9.0%</b>	
<b>2013</b>					
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	
<b>Total</b>		-	<b>71,577</b>	<b>0.800</b>	
<b>Closing Price</b>		-	-	<b>8.10</b>	
<b>Dividend Yield</b>		-	-	<b>9.9%</b>	

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

## Definition:

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

*Payout* = is the percentage of earnings distributed by the Company to its shareholders in the form of dividends and/or interest-on-equity.

## Socio-environmental and Corporate Responsibility

### Open Doors Program

In November 2004 Eternit launched its Open Doors Program, with the objective of contributing to the greater understanding by society of the extraction and processing of chrysotile asbestos, the manufacturer of fiber-cement products in a sustainable manner, and health and safety practices. The program consists of visits by the public to the five fiber-cement units in the Group – Anápolis (GO), Colombo (PR), Goiânia (GO), Rio de Janeiro (RJ) and Simões Filho (BA) as well as the mining company SAMA, located in Minaçu, in the north of the state of Goiás. Since its introduction the program, considered to be one of the most comprehensive in the market, has received more than 59,000 visitors.

In order to schedule a visit, please check which is the unit closest to you and send a message to the e-mail address contained on Eternit's website ([www.eternit.com.br/portasabertas](http://www.eternit.com.br/portasabertas)).

## Legal question of Chrysotile Mineral (chrysotile asbestos)

The Company wishes to make clear that the extraction, industrialization, use, sale and transport of chrysotile asbestos and products which contain it, are all regulated by Federal Law No. 9055/95 – Decree No. 2350/97 and the Regulatory Standards of the Minister for Labor and Employment. Therefore the responsibility for legislation falls to the Federal Union, in accordance with all constitutional concepts.

In 2001, the first laws against asbestos were introduced in Brazil. Law No. 10,813 in the state of São Paulo and Law No. 2210 in the state of Mato Grosso do Sul. Both were ruled upon by the Federal Supreme Court (STF), following allegations of being unconstitutional (ADI) No. 2656 and No. 2396, and declared unconstitutional due to the fact that they encroached on the powers of the Union.

Currently, there are four sanctioned state laws in existence (Rio de Janeiro, Rio Grande do Sul, São Paulo and Pernambuco) restricting the use of asbestos, that are currently being contested through ADIs (direct allegation of unconstitutionality) before the Supreme Court (STF), as well as being called into question, also via ADI, Article 2 of Federal Law No. 9055 of 1995. The ADIs brought against the state laws are awaiting judgment on merit. It is worth pointing out that the state of Mato Grosso has approved a law against the use of asbestos, which has yet to be sanctioned.

As a result of a court injunction, the law in the state of Rio de Janeiro is currently suspended. With respect to São Paulo State Law No. 12.684/2007, the Company points out that on June 4, 2008 a plenary assembly of the Supreme Court revoked an injunction granted on December 20, 2007, against this law. It is important to emphasize that the merit of this action has yet to be ruled on, which renders it sub-judice, so therefore **prohibition is not definitive**. Meanwhile, the law in the state of Rio Grande do Sul has been contested in two lawsuits, being: (i) at state level being judged as having a case to answer, in a definitive decision, authorising the sale of asbestos-based products, under the terms of Law 9,055/95; and (ii) at the federal level being ruled as groundless, seeing that the charge in this case did not accept the plea of unconstitutionality of the law, which is not yet definitive.

On 10/31/12 the Supreme Court began its judgment on the merits of ADI No. 3357 questioning State Law No. 11,643/2001 of the state of Rio Grande do Sul, which prohibits the production and sale of asbestos-based products, within the jurisdiction of that member state and ADI No. 3937 contesting State Law No. 12,684/2007, of the State of São Paulo, which prohibits the use, in the State of São Paulo, of products, materials or artifacts that contain any type of asbestos.

Their eminences Minister Ayres Britto, and the President of the Supreme Court (on the date in question), began the judgment process, voting in favor of the constitutionality of the state laws of São Paulo and Rio Grande do Sul, while his eminence Minister Marco Aurélio voted for the unconstitutionality of these laws. Following the vote by Minister Marco Aurélio, the president of the Supreme Court suspended proceedings.

The Company points out that the start of judgment on the merits of the ADIs only began after exhaustive debates of a scientific nature with Brazilian society, through a public audience conducted by the Supreme Court, on August 24 and 31, 2012, conducted by Minister Marco Aurélio, which also had the eminent presence of Ministers Ricardo Lewandowski and Rosa Weber. The objective of the public hearing was to evaluate the use of chrysotile asbestos from a medical-scientific view-point, given its importance for Brazil.

This matter is currently pending, with no date as yet being set for being re-entered on the Supreme Court's agenda for the judgment's conclusion. More information on this is available on website [www.stf.jus.br](http://www.stf.jus.br)

### Public Interest Civil Lawsuits

- 1) On August 9, 2013, the Public Labour Ministry in the state of São Paulo issued a ruling on a New Public Interest Civil Lawsuit (lawsuit No. 0002106-72.2013.5.02.0009) against the Company, under which were disputed the working conditions in the plant at Osasco, the activities of which ceased in 1993. In this lawsuit, there are several distinct pleas, among which is a demand for the Company to make a compensation payment of R\$ 1 billion for collective pain and suffering. The Labour Judge accepted in part 1 of 6 pleas for interlocutory relief with respect to the imposition of the funding of the health plan on some former employees. In parallel to this, on October 4<sup>th</sup>, 2013, the Brazilian Asbestos Exposure Victims Association – ABREA, also filed a Public Interest Civil Lawsuit (Lawsuit No. 0002715-55.2013.5.02.0009) with assignment of the case to the same judge, as it deals with facts related to the plant at Osasco, with these cases being ruled on together. None of the 8 pleas for court protection filed by ABREA were accepted. Both defences will be presented in a timely manner.
- 2) The Company also wishes to clarify that in 2004 a Public Interest Civil Lawsuit was ruled on by the Public Ministry of the State of São Paulo (Lawsuit No. 000.04.043.728-0), which covered the same facts as in the lawsuit cited above, the request being denied for compensation for subsequent illness of former employees from the plant at Osasco, the activities of which ceased in 1993.

The judges of the court of appeals of the 32<sup>nd</sup> Chamber of the São Paulo Justice Tribunal, expressed the opinion that the Company rigorously complied with the legislation referring to safety and health of employees, as determined by Federal Law No. 9055/95, Decree No. 2350/97 and the Regulatory Standards of the Ministry for Labour and Employment. Thus, they denied the plea for compensation for the subsequent illness of former employees of the Oscaco plant, thus differing in their belief from the opinion of the Public Ministry that Eternit was to blame through action or omission. **In September 2013, the ruling by the Supreme Justice Tribunal was ruled to be definitive, on the groundlessness of the Public Interest Civil Lawsuit proposed by the State Public Ministry in 2004 (lawsuit No. 000.04.043.728-0).**

The Company wishes to emphasise its belief in Brazilian justice and hopes that the technical and scientific evidence will be considered in the ongoing judgement on this case, with a refusal to succumb to pressure groups in favour of the banning of chrysotile asbestos, based purely on the unsuccessful experience in Europe.

## Research related to the use of asbestos

The use of fiber-cement products, water tanks and roofing tiles that contain chrysotile asbestos do not constitute a risk to the health of the population. **No case has ever been registered in Brazil of any inhabitant that has developed a disease as a result of living in one of the more than 25 million homes that use fiber-cement roofing tiles containing asbestos.** This fact has been proven through national research, carried out by a renowned medical team with links to Brazil's main universities, project and final report from which was approved by the National Council for Scientific and Technological Development - CNPq, available on the following website links <http://www.sectec.go.gov.br/portal/> – [www.crisotilabrasil.org.br](http://www.crisotilabrasil.org.br) – [www.eternit.com.br/ir](http://www.eternit.com.br/ir)

There has been no instance of any asbestos-related disease involving respiratory dysfunction among employees joining the mining company in the last 30 years or at the fiber-cement plants in the Eternit Group.

At the behest of FIESP (Industrial Federation of the State of São Paulo), the Getulio Vargas Foundation (FGV) conducted a study on the role of asbestos-based products in the construction chain. This study had the aim of ascertaining the importance of chrysotile-based products in the construction industry, both from an income and employment perspective, as well as the role they play in the competitive make-up and price formation of the sector. The full research document can be found on the following website link: <http://www.fiesp.com.br/indices-pesquisas-e-publicacoes/o-papel-dos-produtos-de-amianto-na-cadeia-da-construcao-civil-aspectos-relevantes-da-dimensao-economica-da-cadeia-dos-produtos-de-amianto/>

In view of this scenario, Eternit reaffirms its conviction that its products are safe for the population and that the sustainable management of its various units does not constitute a risk to the health of its employees. Furthermore, it believes that the Federal Supreme Court will consider the scientific and technical information in its judgment on the merit of this issue, not giving way to pressure groups favoring the banning of chrysotile asbestos based only on the European experience, where another type of asbestos was used (asbestos in the amphibole group - blue and brown asbestos) without the necessary precautions being taken, principally for jet applications.

## Notification of Death

It is with heartfelt regret that the Eternit Group announces the death, on October 20, 2013, of its CEO, Investor Relations Director and Member of the Company's Board of Directors, Mr. Élio A. Martins. The Company wishes to express its deep gratitude for his 38 years of dedicated service. During this period, his work has been fundamental in making Eternit one of Brazil's most important construction material companies.

He was a dedicated professional, constantly focused on contributing to the development of the Country, as well as the Company itself. Élio was widely recognised and acclaimed for his work at the head of the Presidency of the Eternit Group since January 2000, in the capital market and commercial areas, as well as at various entities, where he acted as Vice-President of SINAPROCIM – National Union of the Cement Products Industry and SINPROCIM – Union of Cement Products Industry of the State of São Paulo; Director of the IBC - Brazilian Chrysotile Institute; Member of COSEMA – Higher Environmental Council of FIESP/, the Industrial Federation of the state of São Paulo; Member of the Consultative Board of ADIAL – the Brazilian Association for Regional Sustainable Development, and Member of LIDE – The Business Leaders Club.

His loss will be profoundly felt by all the employees, shareholders, clients, suppliers and all those who have contributed to the Company's performance over the year. In addition to being an important leader, his courageousness and spirit of fairness always served as motivation for everyone, during periods of

achievement, as well as at challenging moments. At this time, Eternit and its employees join together with his family and friends in mourning the loss of a great leader and human being.

## **Nomination of the CEO and Investor Relations Director**

At a meeting of the Board of Directors held on October 23, 2013, the nomination was approved of Mr. Nelson Pazikas for the post of CEO and Investor Relations Director of the Eternit Group, under the terms of the Company Bylaws, as a consequence of the untimely death of Mr. Élio A. Martins.

Mr. Nelson Pazikas is also the Financial and Administrative Director of Eternit, a post which he has occupied since 2004, as well as being the interim CEO of Companhia Sulamericana de Cerâmica (CSC) and a member of the Board of Directors of CSC.

The new presidency will continue with the implementation of the Structured Plan for Expansion and Diversification, which consists of expanding the sales of the Eternit Group through acquisitions and the launching of new products. The plan aims to prepare the Company for the next 70 years, and make it one of the most diversified instructional material companies in the Brazilian market.

## **Recognitions**

The various awards received over the last seven decades, since the Company's foundation, demonstrate that the Company takes what it does for its stakeholders seriously. Below is a list of the awards from one in the third quarter of 2013:

**Best Companies for Shareholders in 2013** – awarded by Capital Aberto Magazine, Eternit was ranked in third place in this category, which covers companies with assets of up to R\$ 2 billion. Among the evaluated items, Eternit received the maximum score in terms of Corporate Governance.

**Best Companies to Work for in 2013** – Eternit and SAMA, for the second and sixth time running, respectively, were elected by Guia 2013 published by the Magazine Você S/A, as being among the best companies to work for. SAMA, for the second time running, was ranked in first place in the mining sector.

**Best Companies to Work for – GPTW Brasil** – SAMA was ranked in sixth place, in the category of medium and small-sized national companies, in research carried out by *Great Place to Work* in partnership with Época Magazine. This is the eighth time that SAMA has participated in these awards, being awarded a prize for the fifth year running.

**ANAMACO 2013** – Eternit received awards from the National Association of Construction Material Merchants (ANAMACO) in the category of “Master” in fiber-cement roofing tiles, and was ranked in second place in the category of customer reach/large clients for fiber-cement roofing tiles (without asbestos).

## **Outlook**

For 2013 the GDP growth forecast is for 2.5%. For the Brazilian government, the Construction Industry is of strategic importance for economic growth and the generation of jobs and incomes in the Country. The Federal Government has substantially increased its investments in housing, basic sanitation and infrastructure, because to invest in construction acts as an incentive in a sector that contributes substantially to the development of the Brazilian economy. This scenario is likely to be repeated over the next few years and for 2013 the GDP growth forecast for the construction sector is 1.9%, according to Brazilian Central Bank.

The construction materials sector, according to the Brazilian Construction Materials Industry Association (ABRAMAT) can be expected to grow 4.0% in sales terms for 2013, compared to the previous year, which represents growth of 4.3% in the first nine months of 2013, compared to the same period in 2012. ABRAMAT's estimate for the end of the year is for continuing positive results compared to 2012, which will depend on further stimulus by the government in the construction sector, the maintenance of existing employment levels, incomes and credit, as well as the speeding up of infrastructure works.

The National Association of Construction Material Merchants (ANAMACO) has released data that shows that Brazil has approximately 57.8 million permanent homes, and that 77% of these homes need some kind of refurbishment or expansion. Currently housing is one of the great indicators of social inequality, as well as having a negative influence on the health, education, productivity and well-being of these home dwellers, thus representing a significant level of pent-up demand to meet the needs of those living in such conditions.

The housing deficit, estimated at 5.5 million homes, consists of families that occupy houses that are in a precarious situation, who are overburdened with rent, with an excessive density of population living in cramped conditions in a rented housing, and housing holding more than one family group with the intention of each family group subsequently obtaining their own homes. These needs, together with the various others in the sector, such as remodeling and extensions, **represent a concentration of self-managed construction projects**, because 90.2% of the housing deficit is concentrated among families earning up to three minimum salaries, a segment in which there is no significant presence on the part of construction firms.

Just with the generation of jobs and distribution of incomes as a consequence of the works mentioned above, the incentives for the purchase of construction materials, and the investments in infrastructure and basic sanitation commented on earlier, as well as the housing units to be built under the Minha Casa, Minha Vida (my house, my life) program, will all help towards solving the housing problem, which will also have a positive impact on Eternit's businesses, as there will be an increase for demand for products in our portfolio, principally for independently self-managed construction projects.

In line with its Program for Structured Expansion and Diversification, the Company has begun a new cycle and is preparing itself to be the most diversified construction materials manufacturing company in Brazil, with approximately 50% of its sales linked to diversification over the long term. The first phase of this program has established Eternit as the largest and most diversified roofing material manufacturer in the Country, ending the third quarter of 2013 with approximately 18% of its sales coming from diversification.

The second phase of the program which has been called "Welcome to the next 70 years" is based on the following directives: (i) organic growth, with the objective of expanding current capacity to sell more of the same; (ii) diversified organic growth, with the objective of including new products in the Company's portfolio, using third parties for production capacity or product development (iii) inorganic growth, with the objective of acquiring companies in the construction materials segment.

The management considers the following challenges in the sector to be important: the competitive conditions of national industry with respect to infrastructure bottlenecks and appreciation in the exchange rate; the combating of inflation, the availability of qualified labour, and the raising of production in the construction chain; and also the question of housing referring to the cost of land which could suffer from excessive appreciation, thus hampering investment. It is also important to bear in mind the current situation in the Brazilian economy, with weak GDP growth, as well as the low level of job generation and income distribution.

With respect to the challenges that the Company faces, the most important of these is the legal question of chrysotile asbestos, for which a ruling by the Supreme Court is still awaited. Independently of any decision by the Supreme Court, demand for products without asbestos is likely to increase over the next few years and Eternit is working to offer the two alternatives to its customers and in the future to be a provider of alternative fibers. It is worth pointing out that Brazil is still a long way from offering a technical solution that is economically viable for the replacement of chrysotile asbestos. Abrupt banning of this mineral would have an immediate impact on self-managed construction projects, as a result of the higher costs, and could even bring the roofing segment to a standstill due to the lack of alternative fibers available in the global market to meet Brazilian demand, as well as demand from other countries to which SAMA currently exports this mineral.

If it is decided by Brazilian society to maintain a chrysotile asbestos-based industry, the Company will achieve its objective of being the most diversified manufacturer of construction materials as part of a natural process.

Eternit is confident that there will be a recovery in the Brazilian economy, especially in the sector of which it is a part. Having a satisfactory capital structure, a low level of indebtedness and investments that are all consistent with its Expansion and Diversification Plan, the Company is well-positioned to capitalize on the opportunities in the sector.

Welcome to the next 70 years!

## **Conference Call/Webcasting** (in Portuguese – simultaneous translation into English)

The Executive Board of Eternit hereby invites you to participate in its announcement of its results for the third quarter of 2013.

Presentation: Nelson Pazikas - CEO and Investor Relations Director and Rodrigo Lopes da Luz - Investor Relations Manager

Date: Friday, November 8, 2013

Time: 2 p.m. (Brasília) -11 a.m. - Eastern Standard Time (New York) - 4 p.m British Standard Time (London)

The presentation, accompanied by slides, can be followed on the web, through registration on the following website link [www.ccall.com.br/eternit/3q13.htm](http://www.ccall.com.br/eternit/3q13.htm) or on Eternit's investor relations website link: [www.eternit.com.br/ir](http://www.eternit.com.br/ir)

In order to follow the presentation by telephone, please dial the following telephone numbers: **(55-11) 4688-6361** if dialing from Brazil and **(1 786) 924-6977** if dialing from other countries - Password for participants: **Eternit**

Playback: A recording of the conference call will be available from **11/08/2013** to **11/14/2013** on telephone number: **(55-11) 4688-6312** - Password: **9292831#**

**Public Meeting for Shareholders, Investors and Analysts – APIMEC–SOUTH (only in Portuguese)**

**Presentation:** Nelson Pazikas - CEO and Investor Relations Director and Rodrigo Lopes da Luz - Investor Relations Manager

**Date:** November 25, 2013

**Time:** 6.00 p.m – Registration

6.30 p.m – Start of presentation (cocktails will be served after the presentation)

**Location:** Hotel Embaixador – Rua Jeronimo Coelho, 354 – Centro Histórico – Porto Alegre (RS)

**RSPV:** APIMEC-SUL – Telephone: (55-51) 3224-3121 – E-mail: [eventos@apimecsul.com.br](mailto:eventos@apimecsul.com.br)

**Public Meeting for Shareholders, Investors and Analysts – APIMEC–North East (only in Portuguese)**

**Presentation:** Nelson Pazikas - CEO and Investor Relations Director and Rodrigo Lopes da Luz - Investor Relations Manager

**Date:** December 3, 2013

**Time:** 6.00 p.m. – Registration

6.30 p.m. – Start of presentation (cocktails will be served after the presentation)

**Location :** Hotel Gran Marquise – Av. Beira Mar, 3980 – Mucuripe - Fortaleza (CE)

**Contact:** APIMEC-NE - Telephone: (55-85) 3253-5850

**E-mail:** [apimecne@apimecne.com.br](mailto:apimecne@apimecne.com.br)

		
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<b>ETERNIT S.A.</b>				
<b>Balance Sheet</b>				
Corporate Law (R\$ '000)				
<b>ASSETS</b>	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>09/30/13</b>	<b>12/31/12</b>	<b>09/30/13</b>	<b>12/31/12</b>
<b>Current</b>	<b>246,628</b>	<b>250,801</b>	<b>404,972</b>	<b>426,031</b>
Cash and cash equivalents	4,865	3,852	8,273	16,656
Short-term investments	10,173	48,612	31,062	78,930
Accounts receivable	85,918	79,158	179,914	177,982
Related parties	31,056	21,648	-	-
Inventories	97,417	81,925	156,474	127,560
Recoverable taxes	11,476	11,167	15,073	13,881
Other current asset	5,723	4,439	14,176	11,022
<b>Non-Current</b>	<b>452,767</b>	<b>402,892</b>	<b>431,321</b>	<b>384,089</b>
Related parties	7,557	7,214	-	-
Deferred income and social contribution taxes	21,828	19,994	55,950	51,820
Recoverable taxes	21,952	21,114	24,874	24,534
Judicial deposits	8,731	6,640	15,275	13,047
Investments	246,073	221,916	33,752	13,029
Plant, property and equipment, net	144,213	123,060	272,473	252,457
Intangible assets	1,924	2,514	25,786	26,040
Other non-current asset	489	440	3,211	3,162
<b>Total Assets</b>	<b>699,395</b>	<b>653,693</b>	<b>836,293</b>	<b>810,120</b>

<b>LIABILITIES AND EQUITY</b>	<b>Parent Company</b>		<b>Consolidated</b>	
	<b>09/30/13</b>	<b>12/31/12</b>	<b>09/30/13</b>	<b>12/31/12</b>
<b>Current Liabilities</b>	<b>97,773</b>	<b>91,450</b>	<b>197,426</b>	<b>208,094</b>
Trade accounts payable	29,732	30,417	50,334	48,968
Related parties	7,087	8,281	-	-
Loans and financing	7,102	1,519	40,717	55,839
Taxes, charges and contributions payable	13,025	11,801	36,521	36,932
Provision and social charges	17,489	17,310	34,874	34,938
Dividends and interest on equity payable	17,836	18,133	17,836	18,133
Provision for future benefits to former employees	1,645	1,645	3,253	2,926
Other current liabilities	3,857	2,344	13,891	10,358
<b>Non-Current</b>	<b>98,803</b>	<b>82,723</b>	<b>136,032</b>	<b>122,492</b>
Loans and financing	14,912	7,266	27,497	24,107
Related parties	28,549	27,252	-	-
Provision for future benefits to former employees	19,510	18,263	31,773	30,019
Provision for civil, tax and labor contingencies	25,721	22,657	55,597	51,116
Deferred income and social contribution taxes	10,111	7,285	11,985	8,139
Environmental restoration of degraded mining areas	-	-	8,643	8,201
Other non-current liabilities	-	-	537	910
<b>Equity</b>	<b>502,819</b>	<b>479,520</b>	<b>502,835</b>	<b>479,534</b>
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,388	19,388	19,388	19,388
Treasury stock	(174)	(174)	(174)	(174)
Income reserves	126,055	126,055	126,055	126,055
Retained earnings	23,299	-	23,299	-
<b>Net equity attributable to non-minority shareholders</b>	<b>502,819</b>	<b>479,520</b>	<b>502,819</b>	<b>479,520</b>
Minority shareholders	-	-	16	14
<b>Total Liabilities and Equity</b>	<b>699,395</b>	<b>653,693</b>	<b>836,293</b>	<b>810,120</b>



## ETERNIT S.A. (PARENT COMPANY)

### Income Statements

Corporate Law

R\$ '000	3rd Quarter			Accum. 9 Months		
	2013	2012	% Chg.	2013	2012	% Chg.
<b>Gross Revenues</b>	<b>182,694</b>	<b>163,460</b>	<b>11.8</b>	<b>507,746</b>	<b>461,200</b>	<b>10.1</b>
Gross Revenues Deductions	(48,328)	(43,856)	10.2	(133,430)	(122,623)	8.8
<b>Net Revenues</b>	<b>134,366</b>	<b>119,604</b>	<b>12.3</b>	<b>374,316</b>	<b>338,577</b>	<b>10.6</b>
Cost of products sold	(98,679)	(87,522)	12.7	(273,453)	(240,812)	13.6
<b>Gross Profit</b>	<b>35,687</b>	<b>32,082</b>	<b>11.2</b>	<b>100,863</b>	<b>97,765</b>	<b>3.2</b>
<i>Gross Margin</i>	<i>27%</i>	<i>27%</i>		<i>27%</i>	<i>29%</i>	
<b>Operating Revenues (Expenses)</b>	<b>(31,149)</b>	<b>(29,295)</b>	<b>6.3</b>	<b>(89,112)</b>	<b>(84,638)</b>	<b>5.3</b>
Sales	(14,529)	(14,195)	2.4	(43,030)	(40,722)	5.7
General and administrative	(16,052)	(14,364)	11.8	(43,167)	(41,548)	3.9
Other operating (expenses) revenues, net	(568)	(736)	(22.8)	(2,916)	(2,368)	23.1
<b>Operating Income before Equity Income (EBIT)</b>	<b>4,537</b>	<b>2,787</b>	<b>62.8</b>	<b>11,751</b>	<b>13,127</b>	<b>(10.5)</b>
<i>EBIT Margin</i>	<i>3%</i>	<i>2%</i>		<i>3%</i>	<i>4%</i>	
Equity pickup	24,361	23,450	3.9	66,413	68,055	(2.4)
<b>Operating Income before Financial Expenses (EBIT)</b>	<b>28,898</b>	<b>26,237</b>	<b>10.1</b>	<b>78,163</b>	<b>81,182</b>	<b>(3.7)</b>
<b>Net Financial Income</b>	<b>(1,046)</b>	<b>785</b>	<b>-</b>	<b>(2,471)</b>	<b>2,844</b>	<b>(186.9)</b>
Financial expenses	(6,235)	(1,962)	217.8	(12,967)	(6,729)	92.7
Financial income	5,189	2,747	88.9	10,496	9,573	9.6
<b>Income before tax and social contribution</b>	<b>27,853</b>	<b>27,022</b>	<b>3.1</b>	<b>75,692</b>	<b>84,026</b>	<b>(9.9)</b>
Current	(544)	(76)	615.8	(544)	2,086	-
Deferred	1,061	155	584.6	1,834	(2,091)	
<b>Net Income</b>	<b>28,370</b>	<b>27,101</b>	<b>4.7</b>	<b>76,982</b>	<b>84,021</b>	<b>(8.4)</b>
<i>Net margin</i>	<i>21%</i>	<i>23%</i>		<i>21%</i>	<i>25%</i>	
Earnings per Share - R\$	0.32	0.30	4.7	0.86	0.94	(8.4)
<b>EBITDA</b>	<b>7,232</b>	<b>5,672</b>	<b>27.5</b>	<b>19,962</b>	<b>22,024</b>	<b>(9.4)</b>
<i>EBITDA Margin</i>	<i>5%</i>	<i>5%</i>		<i>5%</i>	<i>7%</i>	

## ETERNIT S.A. (CONSOLIDATED)

### Income Statements

Corporate Law

R\$ '000	3rd Quarter			Accum. 9 Months		
	2013	2012	% Chg.	2013	2012	% Chg.
<b>Gross Revenues</b>	<b>322,395</b>	<b>297,372</b>	<b>8.4</b>	<b>901,524</b>	<b>842,577</b>	<b>7.0</b>
Gross Revenues Deductions	(71,024)	(67,584)	5.1	(197,390)	(191,520)	3.1
<b>Net Revenues</b>	<b>251,371</b>	<b>229,788</b>	<b>9.4</b>	<b>704,134</b>	<b>651,057</b>	<b>8.2</b>
Cost of products sold	(148,468)	(132,033)	12.4	(417,757)	(367,346)	13.7
<b>Gross Profit</b>	<b>102,903</b>	<b>97,755</b>	<b>5.3</b>	<b>286,377</b>	<b>283,711</b>	<b>0.9</b>
<i>Gross Margin</i>	<i>41%</i>	<i>43%</i>		<i>41%</i>	<i>44%</i>	
<b>Operating Revenues (Expenses)</b>	<b>(59,507)</b>	<b>(59,559)</b>	<b>(0.1)</b>	<b>(172,507)</b>	<b>(173,099)</b>	<b>(0.3)</b>
Sales	(28,533)	(30,425)	(6.2)	(84,741)	(83,283)	1.8
General and administrative	(30,848)	(29,539)	4.4	(84,866)	(87,079)	(2.5)
Other operating (expenses) revenues, net	(126)	405		(2,900)	(2,737)	5.9
<b>Operating Income before Equity Income (EBIT)</b>	<b>43,395</b>	<b>38,196</b>	<b>13.6</b>	<b>113,869</b>	<b>110,612</b>	<b>2.9</b>
<i>EBIT Margin</i>	<i>17%</i>	<i>17%</i>		<i>16%</i>	<i>17%</i>	
Equity Income	(2,053)	(166)	1,136.6	(3,795)	(166)	2,186.2
<b>Operating Income before Financial Expenses (EBIT*)</b>	<b>41,342</b>	<b>38,030</b>	<b>8.7</b>	<b>110,074</b>	<b>110,446</b>	<b>(0.3)</b>
<b>Net Financial Income</b>	<b>(798)</b>	<b>494</b>	<b>-</b>	<b>(2,567)</b>	<b>5,256</b>	<b>(8.4)</b>
Financial expenses	(15,529)	(7,218)	115.1	(36,485)	(27,641)	32.0
Financial income	14,731	7,712	91.0	33,918	32,897	3.1
<b>Income before tax and social contribution</b>	<b>40,545</b>	<b>38,524</b>	<b>5.2</b>	<b>107,508</b>	<b>115,702</b>	<b>(7.1)</b>
Current	(14,097)	(11,960)	17.9	(34,656)	(32,554)	6.5
Deferred	1,921	538	257.4	4,130	874	372.8
<b>Net Income</b>	<b>28,369</b>	<b>27,102</b>	<b>4.7</b>	<b>76,982</b>	<b>84,022</b>	<b>(8.4)</b>
<i>Net Margin</i>	<i>11%</i>	<i>12%</i>		<i>11%</i>	<i>13%</i>	
Earnings per Share - R\$	0.32	0.30	4.7	0.86	0.94	(8.4)
<b>EBITDA</b>	<b>49,294</b>	<b>45,255</b>	<b>8.9</b>	<b>135,711</b>	<b>130,730</b>	<b>3.8</b>
<i>EBITDA Margin</i>	<i>20%</i>	<i>20%</i>		<i>19%</i>	<i>20%</i>	

(\*) 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	
	09/30/13	09/30/12	09/30/13	09/30/12
<b>Operating Activities:</b>				
<b>Income before income and social contribution taxes</b>	<b>75,692</b>	<b>84,026</b>	<b>107,508</b>	<b>115,702</b>
<b>Adjustments to reconcile pre-tax income with net cash provided by operating activities:</b>				
Equity pickup	(66,413)	(68,055)	3,795	166
Depreciation and amortization	8,211	8,897	25,636	20,284
Gain (loss) from disposal of permanent assets	(65)	(47)	(106)	384
Provision for impairment losses on accounts receivable	284	324	623	966
Provision for civil, tax and labor contingencies	3,064	2,129	4,481	3,266
Provision (reversal) for sundry losses	2,118	427	3,676	1,153
Financial charges, monetary changes and foreign exchange variation	1,526	1,293	(198)	(1,827)
Short-term investment yield	(1,814)	(1,489)	(3,303)	(1,489)
Net changes in prepaid expenses	1,165	586	1,647	1,004
Deferred income tax and social contribution	-	-	-	-
	<b>23,768</b>	<b>28,091</b>	<b>143,759</b>	<b>139,609</b>
<b>(Increase) decrease in operating assets:</b>				
Trade accounts receivable	(7,220)	(4,268)	(2,948)	(14,936)
Related parties receivable	519	61	-	-
Inventories	(16,289)	(13,752)	(29,809)	(26,343)
Recoverable taxes	(1,136)	(5,645)	(2,030)	(7,899)
Judicial deposits	(2,091)	(1,240)	(2,228)	(2,691)
Received dividends	56,213	52,808	-	-
Other assets	(2,470)	(1,903)	(4,822)	(3,094)
<b>Increase (decrease) in operating liabilities</b>				
Trade accounts payable	(583)	1,495	1,502	(405)
Related parties payable	(1,194)	(1,075)	-	-
Taxes, charges and contribution payable	2,688	4,714	3,763	2,995
Provisions and social charges	179	2,657	(64)	5,194
Other liabilities	1,394	1,449	3,040	3,336
Interest paid	(231)	(174)	(360)	(310)
Income and social contribution taxes paid	(59)	(718)	(36,049)	(25,743)
<b>Net cash flow from operating activities</b>	<b>53,488</b>	<b>62,500</b>	<b>73,754</b>	<b>69,713</b>
<b>Cash flow from investment activities</b>				
Additions to property, plant and equipment and intangible assets	(29,063)	(7,793)	(45,704)	(39,502)
Loan from related party receivable	(404)	(6,226)	-	-
Cash receipt from the sale of property, plant & equipment	354	123	415	188
Capital increase in subsidiaries	(24,519)	(4,560)	(24,519)	(4,560)
Short-term investments	(87,183)	-	(213,451)	-
Redemptions from short-term investments	127,436	-	264,622	-
Other investments	-	-	-	-
Temporary investments	-	7,430	-	7,430
<b>Net cash flow from investment activities</b>	<b>(13,379)</b>	<b>(11,026)</b>	<b>(18,637)</b>	<b>(36,444)</b>
<b>Cash flow from financing activities</b>				
Loans and financing raised	13,283	4,679	124,267	187,975
Loan with related party	(229)	(249)	-	-
Amortization of loans and financing	(268)	(2,662)	(135,885)	(121,932)
Payment of dividends and interest on equity	(51,882)	(52,012)	(51,882)	(52,012)
<b>Net cash flow from financing activities</b>	<b>(39,096)</b>	<b>(50,244)</b>	<b>(63,500)</b>	<b>14,031</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>1,013</b>	<b>1,230</b>	<b>(8,383)</b>	<b>47,300</b>
<b>Cash and equivalents:</b>				
At the beginning of the year	3,852	21,352	16,656	42,333
At the end of the year	4,865	22,582	8,273	89,633
	<b>1,013</b>	<b>1,230</b>	<b>(8,383)</b>	<b>47,300</b>