

**Eternit**








**Conference Call – Earning Results 4Q13 – 03/18/2014**

## Disclaimer

“Forward looking statements included in this presentation regarding the Company’s business, operating and financial results and Company’s growth are only predictions and were based on management's expectations regarding future performance. These expectations are highly dependent on market conditions, Brazilian economic scenario, industry performance and international markets, and are therefore subject to change.”

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

					
<b>Activity</b>	Manufacture of fiber cement and construction solutions and commercialization of metallic fittings		Chrysotile Mining	Manufacture of concrete tiles	Commercialization of bathroom chinaware
<b>Industrial Units</b>	4	1	1	6	1
<b>Market Share – 2013</b>	Leader in fiber cement – 31% of Market Share		The world's 3 <sup>rd</sup> largest – 15% of Market Share	Leader in concrete tiles – 30% of Market Share	5 <sup>th</sup> largest of Brazil in sanitary ware
<b>Capacity</b>	1 million tons / fiber cement		300 thousand tons	10 million m <sup>2</sup>	1.5 million pieces
<b>Capacity Used – 4Q13</b>	Fiber cement – around 80%		100%	Around 60%	Under construction

## Highlights of 4Q13 (when compared to 4Q12)

- Economic Figures registered growth of:
  - ✓ GDP Brazil: 2.3%
  - ✓ GDP for construction sector: 1.9%
  - ✓ ABRAMAT:<sup>1</sup> 3.0%
  - ✓ Eternit:<sup>1</sup> 7.9%
- Variation on Sales Volume:
  - ✓ Chrysotile mineral: -9.5%
  - ✓ Fiber cement: virtually stable
  - ✓ Concrete tiles: -2.2%
- Consolidated Net Revenue amounted to R\$ 253.2 million, virtually stable;
- EBTIDA decreased 21.0% and amounted R\$ 42.3 million;
- Net Income reached R\$ 25.3 million, a decrease of 12.8%;
- Recognitions:
  - ABRASCA Award for Best Annual Report: Category Public Companies, Group 2 (companies with net revenue of less than R\$ 3 billion); and
  - Quality Award 2013 from APIMEC-SP: one of the ten best meetings.

**Eternit**



**Operational Performance**

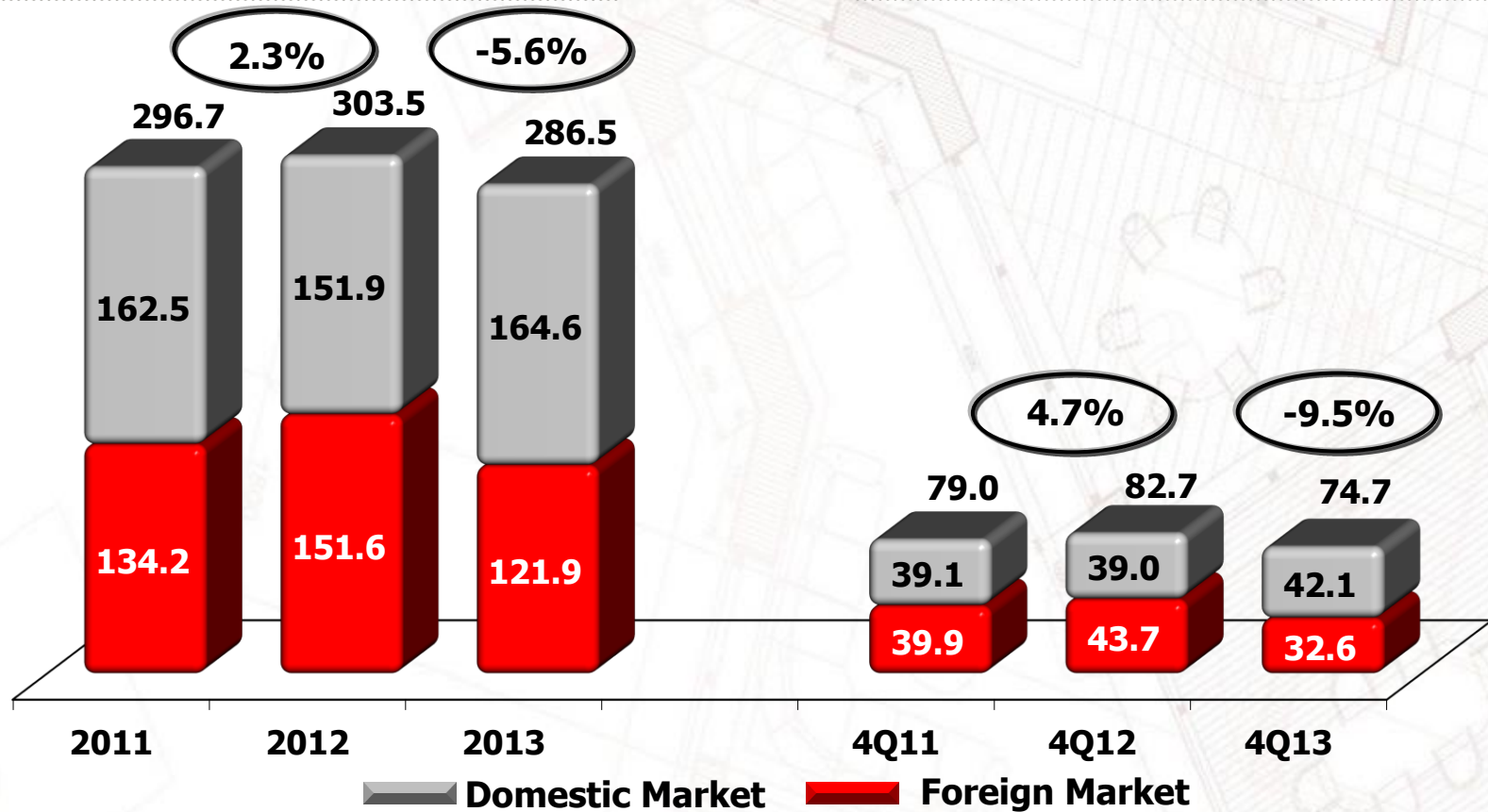
## Sales of Chrysotile Mineral (thous. tons)

2013 x 2012

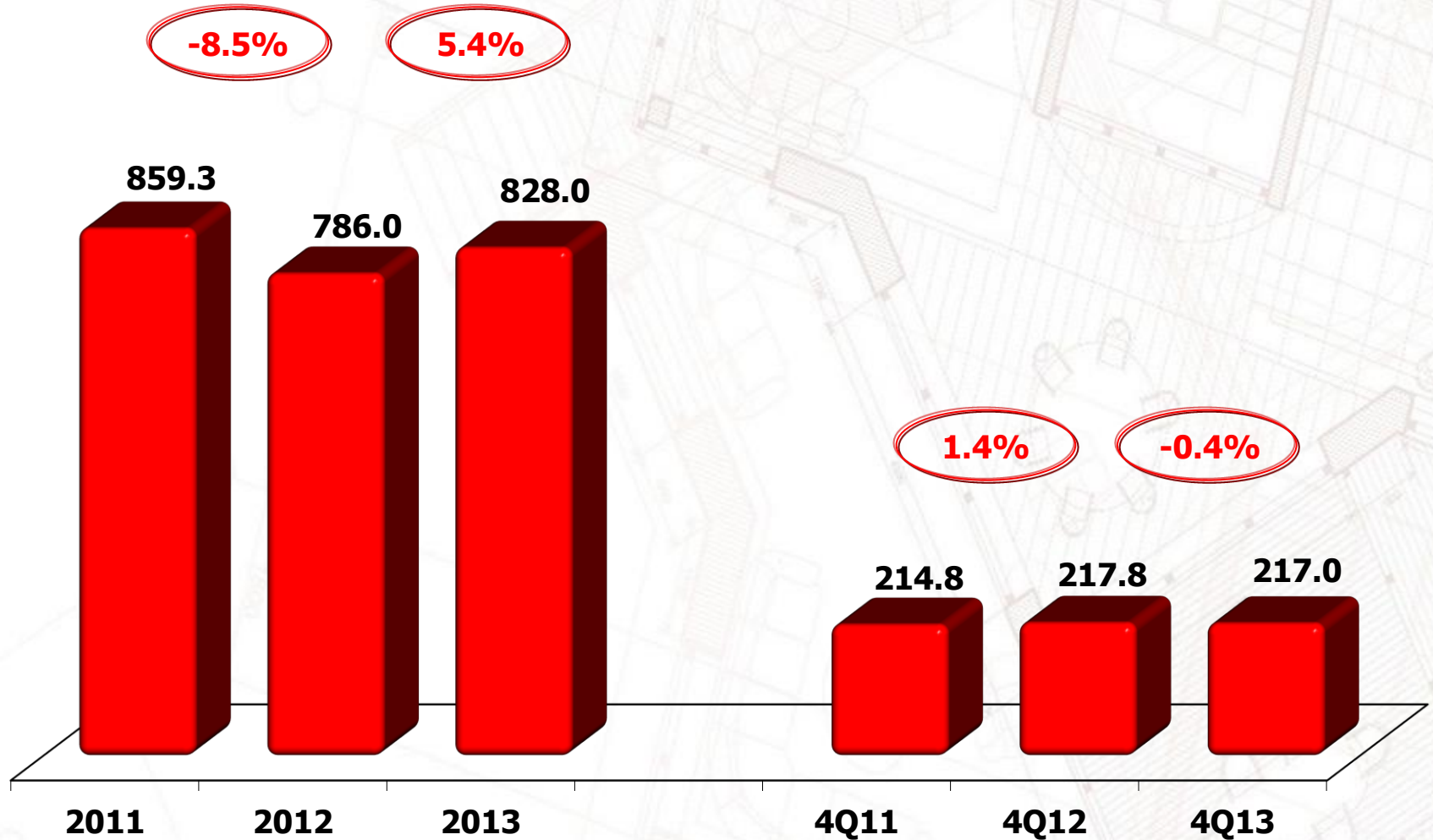
- Domestic Market – increase of 8.4%
- Foreign Market – reduction of 19.6%

4Q13 x 4Q12

- Domestic Market – increase of 8.1%
- Foreign Market – reduction of 25.3%

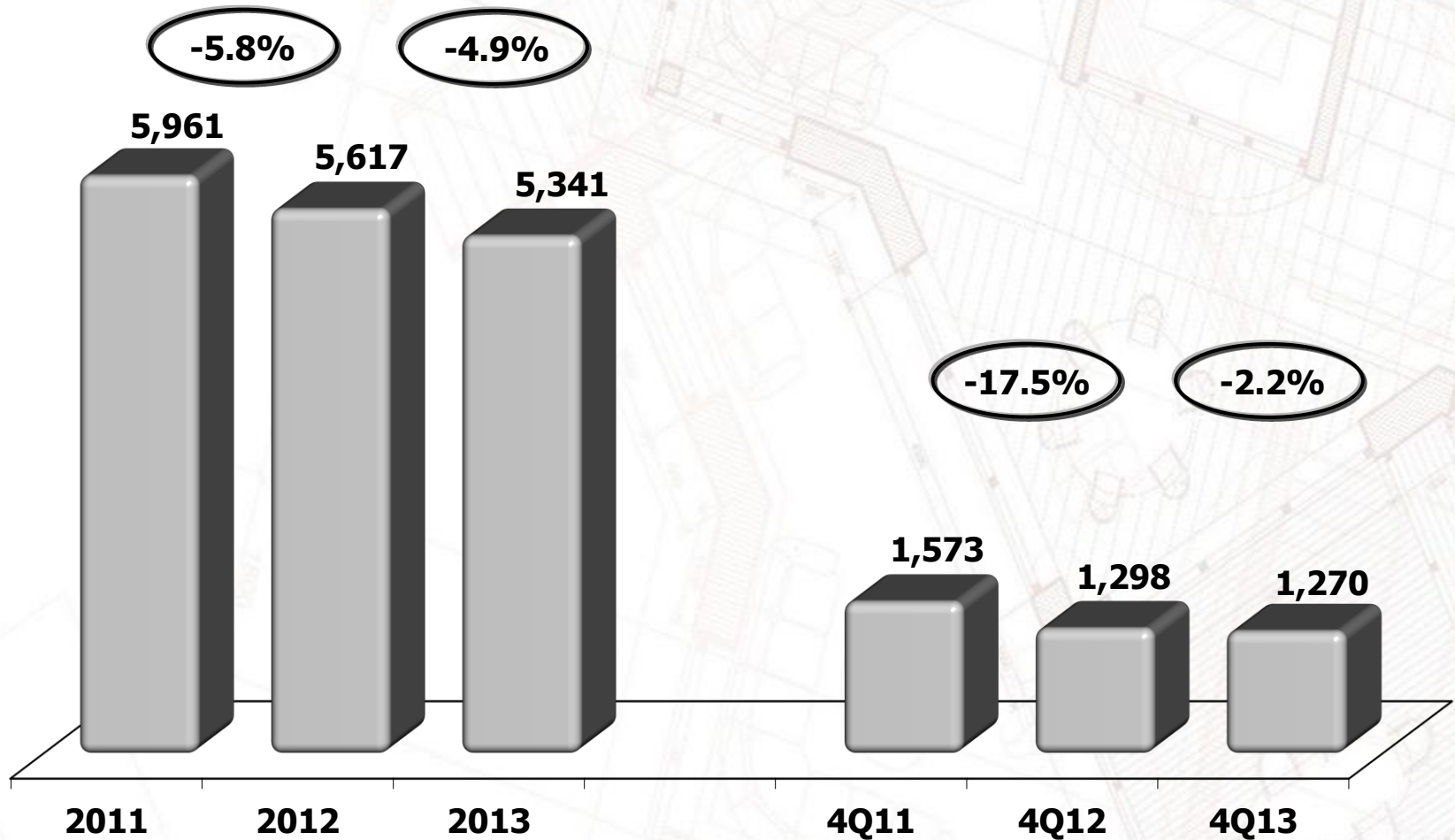


## Sales of Fiber Cement\* (thous. tons)



\* Includes construction solutions

## Sales of Concrete Tiles (thous. square meters)



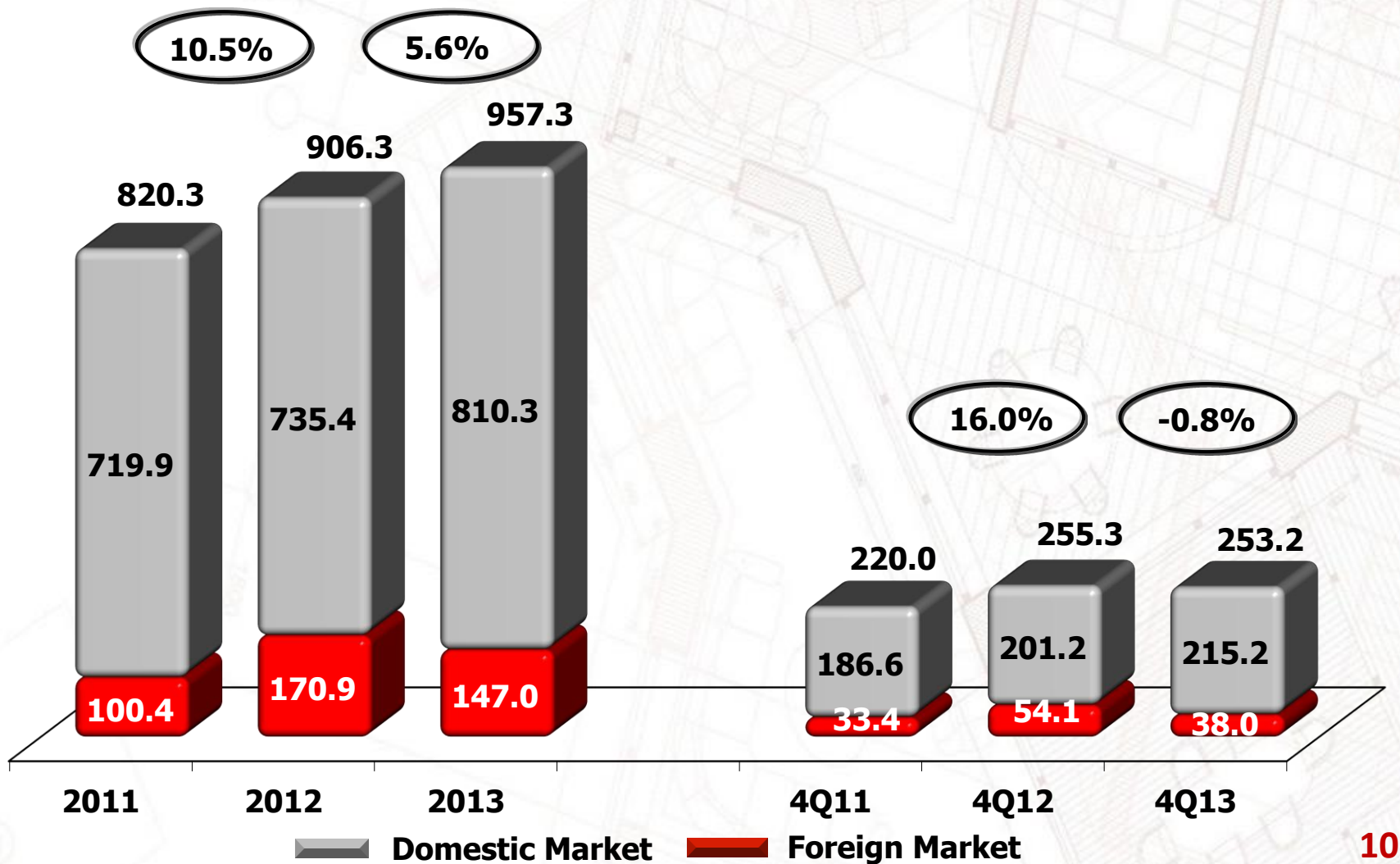


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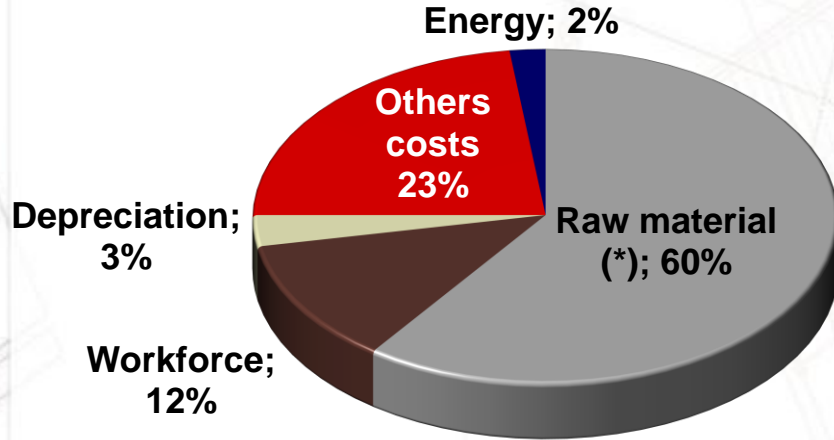
**Economic and Financial Performance**

## Consolidated Net Revenue (R\$ million)



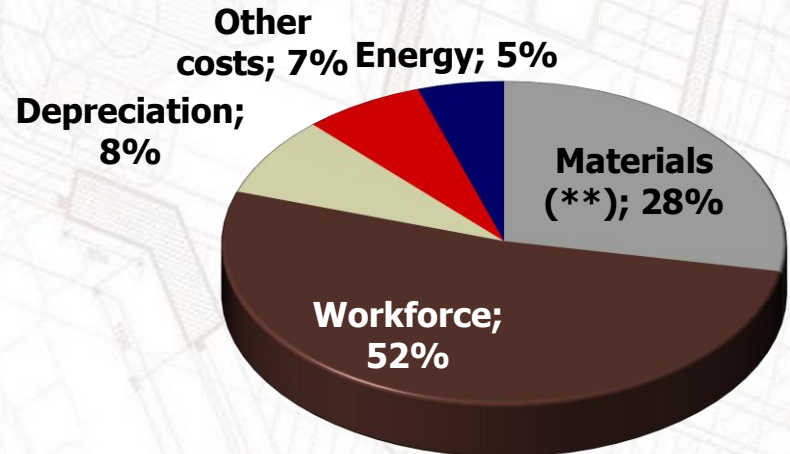
## COGS Breakdown – 4Q13

### Fiber Cement



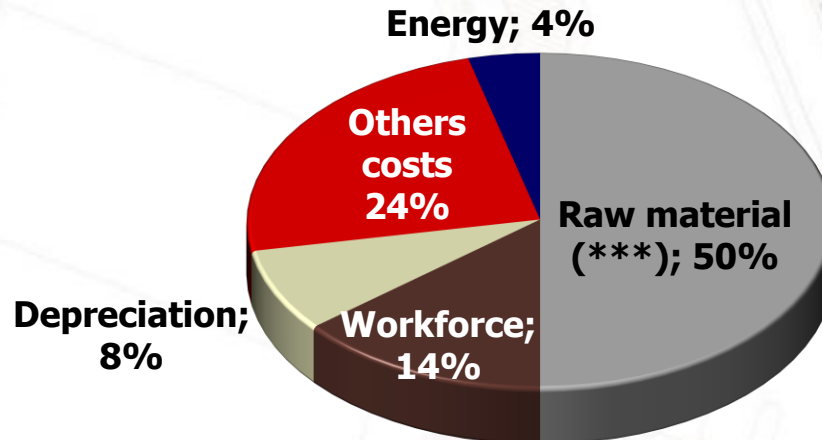
(\*) - Cement (46%), Chrysotile Mineral (40%) and the others (14%)

### Chrysotile Mineral



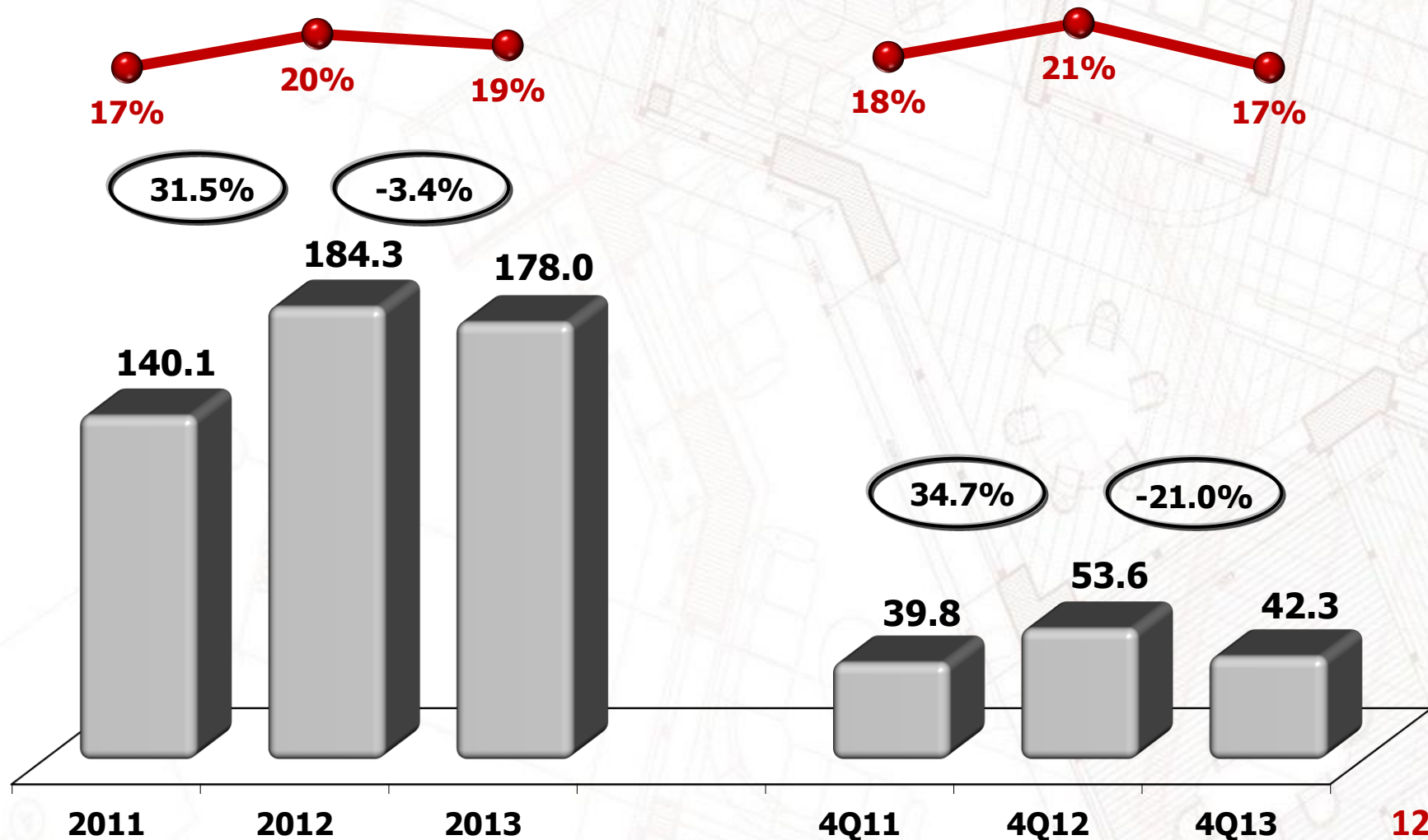
(\*\*) – Fuel, explosives, packaging, among the others

### Concrete Tiles

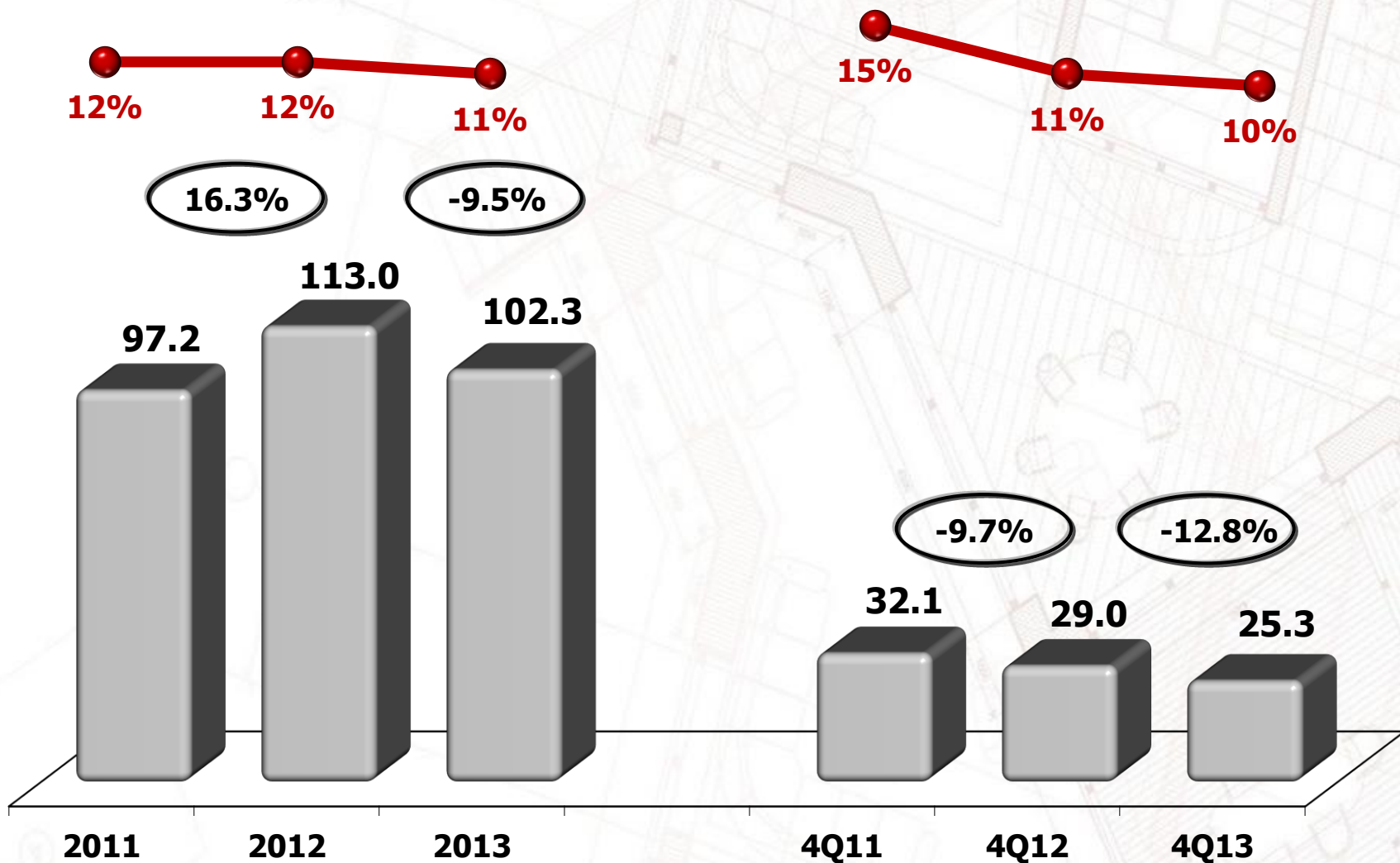


(\*\*\*) - Cement (53%), sand (29%) and the others (18%)

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



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

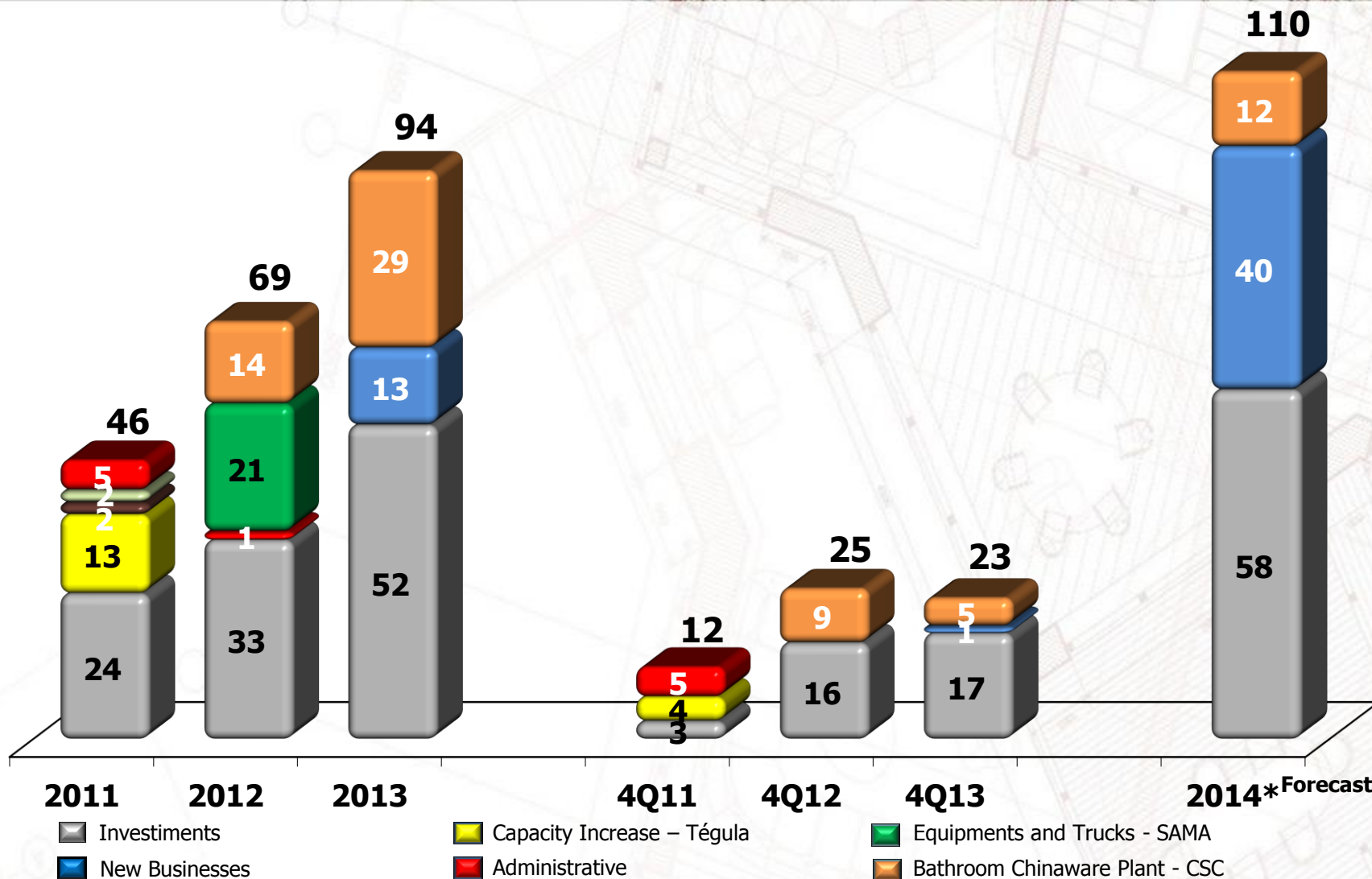


# Eternit



## Investments

## Capital Expenditures (in R\$ million)



## Construction of the Bathroom Chinaware Plant in Caucaia (CE)



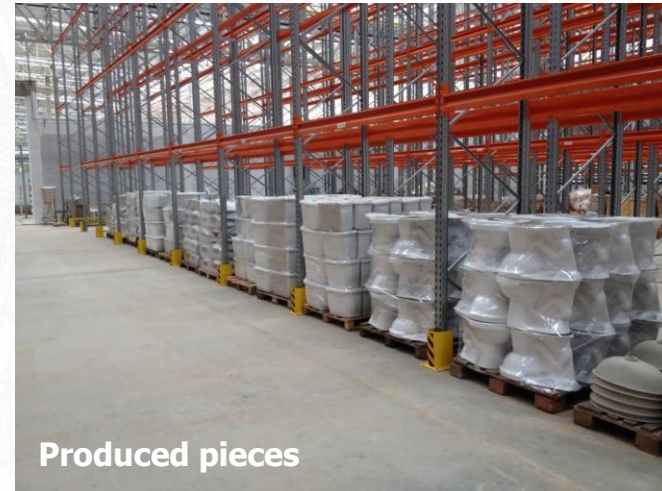
Furnace



Top view of the batch furnace



Top view of the batch furnace



Produced pieces

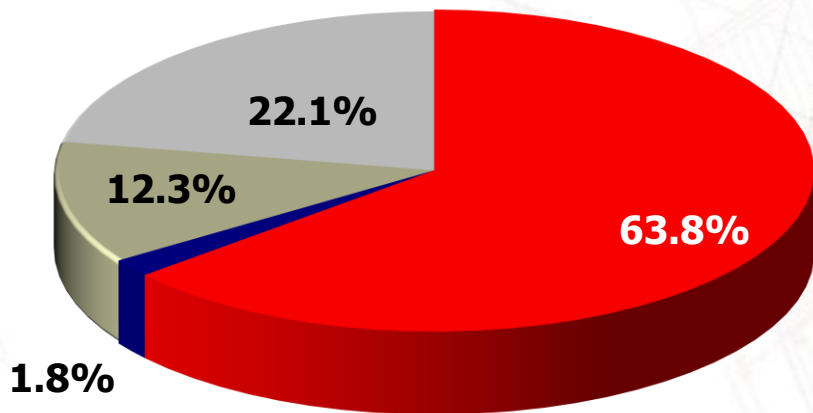


# Eternit



**Capital Markets**

## Shareholding Structure – Feb/14



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

**FREE-FLOAT**

**85.0%**

### Highlights

Geração L. Par. F. I. A.	15.25%
Luiz Barsi Filho	13.56%
Victor Adler + VIC DTVM	8.52%
Diretoria	1.05%
Ações em Tesouraria	0.03%

### Board of Directors

### Member since

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

(\*) Independent member

### Board of Auditors

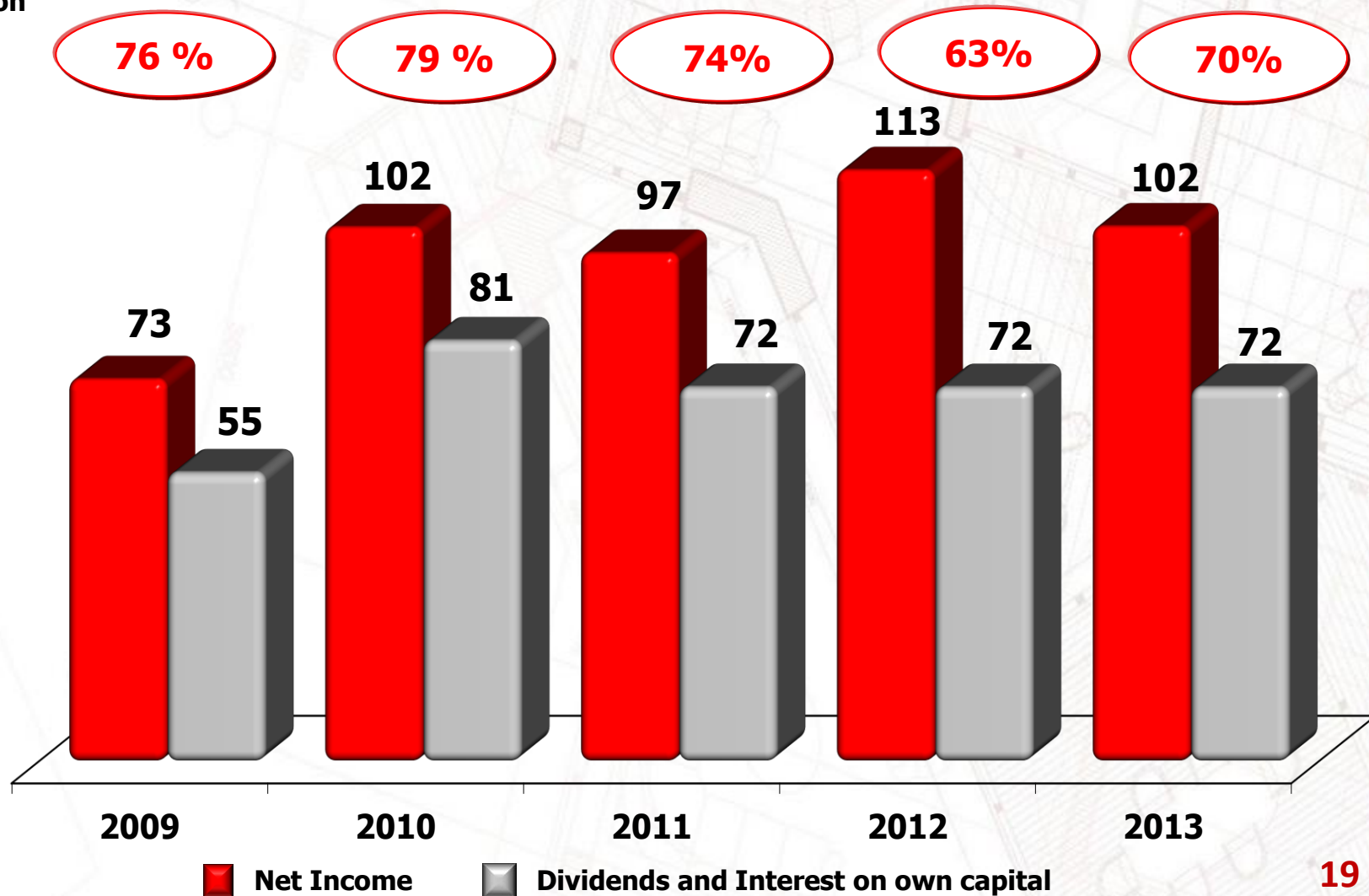
### Member since

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

## Policy of Remuneration - Net Income X Distributed Earnings

In R\$ million

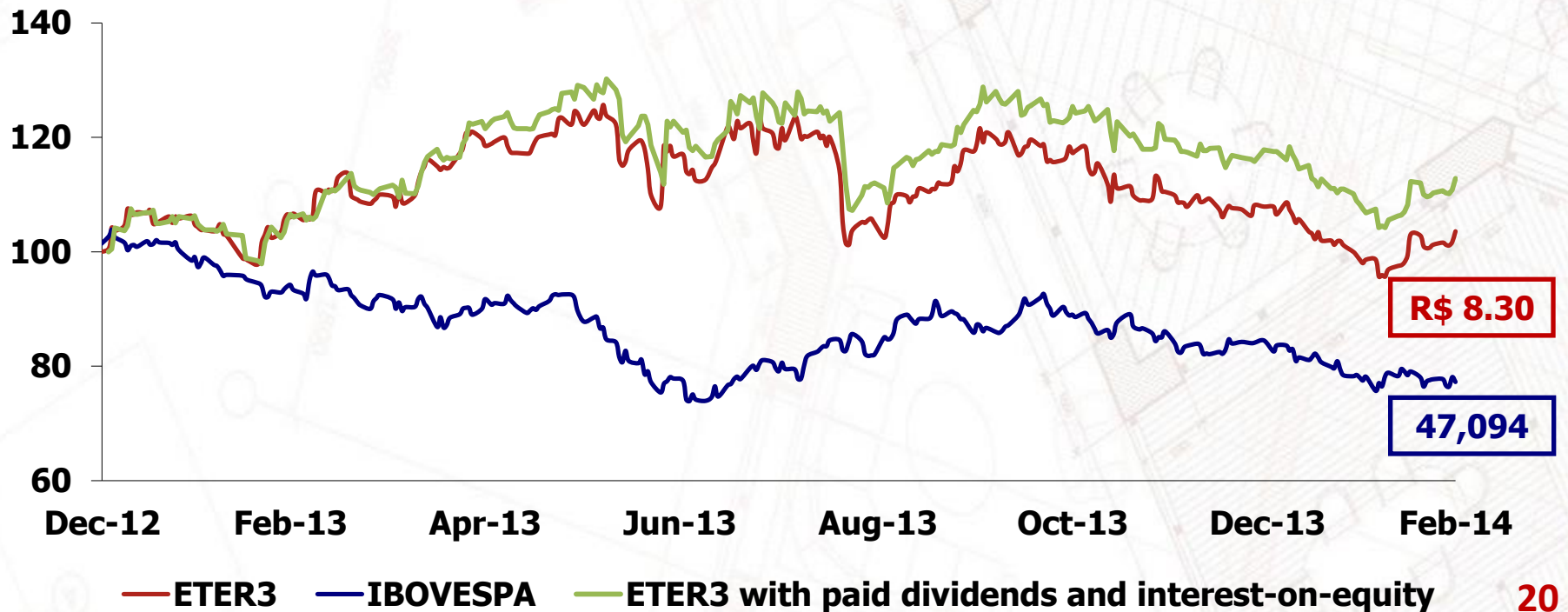
Pay Out



## Eternit's Shares Performance

Between 12/28/2012 to 02/28/2014, Eternit's shares appreciated **2.5%** and IBOVESPA depreciated **22.7%**.

In the same period, including the payment of dividends and interest on own capital, Eternit's shares appreciated **11.6%**.



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**Chrysotile – The Brazilian Mineral**

## Chrysotile – The Brazilian Mineral

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

White Mineral

Bends and silky fibers without tip

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

Biopersistence\*: 2.5 days

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



Serpentinite rock with chrysotile mineral fibers

## Public Interest Civil Actions

- On Aug. 9, 2013, the Labor Prosecution Office (MPT) of the State of São Paulo filed a New Public Interest Civil Action (case no. 0002106-72.2013.5.02.0009) against the Company involving the same facts and subject-matters of the Public Interest Civil Action filed in 2004 (see action below, item 2). The action was distributed to the 9th Labor Court of São Paulo. Although the facts and purpose of the former and current actions are identical, this current action includes certain distinct claims, which includes the payment by the company of R\$ 1 billion for collective personal injury to be deposited in the Workers' Support Fund (FAT).

In parallel, on Oct. 4, 2013, the Brazilian Association of People Exposed to Asbestos (ABREA) also filed a Public Interest Civil Action (case no. 0002715-55.2013.5.02.0009) that was distributed to the Labor Court of São Paulo, given that it deals with the same facts claimed in the actions cited above.

The Company filed at the STF a complaint under no. 16637 to discuss the jurisdiction for adjudicating the actions. **On Dec. 13, 2013, the judge-rapporteur of the Federal Supreme Court (STF) suspended, as provisional remedy, the two public interest civil actions against Eternit cited above and that are pending before the Labor Court of São Paulo, and also ordered the suspension of the effects of the decisions already entered into the records up to the final ruling on Complaint no. 16637 by the STF.**

## Public Interest Civil Actions (continuation)

- It is important to clarify that, in 2004, a Public Interest Civil Action had already been filed by the Prosecution Office of the State of São Paulo (case no. 000.04.043.728-0) that addressed the same facts as in the action cited above regarding the Osasco unit, which was closed in 1993.

The Court of Appeals of the State of São Paulo, through its judges, ruled against the action, given their opinion that Eternit had rigorously complied with all legislation regarding workplace safety and health determined by Federal Law 9055/95, Decree No. 2,350/97 and the Regulatory Rules of the Ministry of Labor and Employment. **In September 2013, a final ruling was made in favor of the Company.**

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



## Recognitions – Capital Markets



**15º PRÊMIO  
ABRASCA  
RELATÓRIO  
ANUAL**

**ABRASCA Award for Best Annual Report:** granted by the Brazilian Association of Publicly Traded Companies (Abrasca), Eternit received the award in the category Public Companies, Group 2, which is for companies with net revenue of less than R\$ 3 billion. Among the various items evaluated, the highlight was its corporate governance, which received the maximum possible score.



ASSOCIAÇÃO DOS ANALISTAS  
E PROFISSIONAIS DE INVESTIMENTO  
DO MERCADO DE CAPITAIS

**Quality Award 2013:** the public meeting held by Eternit in São Paulo and sponsored by the Capital Market Professionals and Investors Association (Apimec) was elected by the São Paulo chapter as one of the ten best meetings that it sponsored in 2013.

## New Brand Campaign – Eternit, the brand of the Owl

In the second half of 2013, Eternit launched a new communication campaign that marked the return to the media of its official mascot the Owl. The concept of the campaign aims to highlight the brand and Eternit's product lines (roofing, bathroom chinaware and fittings and construction solutions) and to strengthen the company's relationship with construction material resellers and end consumers.

The corporate focus of the first phase of the campaign aims to support the brand and make it a reference in the construction industry in segments other than roofing, while also helping to differentiate its fiber-cement line in a market that is considered a commodity.

The campaign entitled "Eternit a marca da Coruja" [Eternit, the brand of the owl] is being communicated in the print, electronic (television and radio), and out-of-home (metro cars) media and on various promotional materials at points of sale.

Check out the new Eternit site, which is now more complete and has many new features and tools, at [www.eternit.com.br](http://www.eternit.com.br).

Stay tuned to see the owl in the media and watch the campaign video by [clicking here](#).



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