Eternit

Eternit maintains focus on reducing net debt and closes 1Q17 at R$99.6 million

São Paulo, May 11, 2017 – Eternit S.A. (B3: ETER3), which was founded 77 years ago and is Brazil's leading manufacturer of roofing tiles and a manufacturer of bathroom chinaware, metal fixtures and construction solutions, announces its results for the first quarter of 2017 (1Q17). Except where stated otherwise, the operational and financial information of the Company is presented on a consolidated basis in Brazilian real, in accordance with Brazilian Corporation Law and International Financial Reporting Standards (IFRS). All comparisons made in this press release are with the first quarter of 2016 (1Q16), except where stated otherwise.

1Q17

Listing Segment

Novo Mercado of B3 (BM&FBOVESPA)

Stock Price (04/30/17) ETER3

R$/share	1.29
US$/share	0.40

Shareholder base (04/30/17)

Issued shares	179,000,000
Free Float	85.89%

Market Capitalization - (04/30/17)

R$230.9 million
US$72.2 million

Shareholder Payments (2017)

No payments in the period.

Indicators - (Mar/17)

Book value (R$/share)	2.55
Price/Book Value	0.51
Price/Earnings	N/A

Conference Call/Webcast

May 17, 2017

Time: 10:00 a.m. (Brasília) – 9:00 a.m. (New York) and 2:00 p.m. (London)

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In light of the highly challenging economic scenario in 1Q17, the construction materials sector contracted 6.3% when compared to 1Q16, according to the Brazilian Construction Materials Industry Association (ABRAMAT). During the period, the Company adjusted its operations to the reduced inventory levels to meet market demand in the mining, fiber-cement and concrete roofing tiles segments.

Chrysotile sales in 1Q17 amounted to 38,500 tons, down 26.4% from 1Q16, mainly due to the lower share of chrysotile in the industrial process in the domestic market, which was neutralized by an increase in exports as a result of a more competitive policy to face off competition from mining companies in Russia and Kazakhstan. In the same period, fiber-cement sales reached 166,900 tons, down 15.6% from 1Q16, whereas concrete roofing tile sales decreased 39.6%, mainly due to the industry slowdown, increasing unemployment, lower household income and credit restrictions, all of which inhibited consumption of construction materials for both renovations and new constructions.

Consolidated net revenue totaled R$167.7 million in 1Q17, down 26.7% from 1Q16, mainly due to lower sales volume in the company's operating segments on account of the industry slowdown and higher sales of a cheaper mix, while performance in the export market was impacted by the reduction in US dollar prices to face the stiff competition, and the 19.4% depreciation of the US dollar against the Brazilian real.

Adjusted EBITDA reached R$19.3 million in 1Q17, down 49.5% from 1Q16, due to lower sales volume in the operating segments, low industrial capacity utilization and the decline in operating margins due to a lower value-added sales mix. To reduce the negative effects of adjusted EBITDA, the Company has been concentrating its efforts in reducing operating expenses, in line with the structured program. As a result of the factors discussed in Adjusted EBITDA, and despite the improvement in equity pickup and net financial result in 1Q17, Eternit posted loss of R$3.0 million.

The Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distribution will be made once positive results are recorded.

In line with the Company´s restructuring plan, the Board of Directors elected Mr. Luis Augusto Barcelos Barbosa as the Chief Executive Officer of the Company.

Main Indicators

Consolidated - R$ `000	1st Quarter 2017	1st Quarter 2016	% Chg.
Gross revenues	**215,386**	**285,609**	**(24.6)**
Net revenues	**167,699**	**228,922**	**(26.7)**
Gross profit	53,044	80,046	(33.7)
Gross margin	*32%*	*35%*	*- 3 p.p.*
Operating loss/income (EBIT) [1]	**4,444**	**22,002**	**(79.8)**
Net income (loss) for the year	**(2,955)**	**8,269**	**-**
Net margin	*-2%*	*4%*	*- 6 p.p.*
Earnings (loss) per share, basic and diluted - R$	(0.0165)	0.0462	
CAPEX	1,118	3,645	(69.3)
EBITDA [2]	**13,635**	**31,870**	**(57.2)**
EBITDA Margin	*8%*	*14%*	*- 6 p.p.*
Adjusted EBITDA	**19,250**	**38,099**	**(49.5)**
Adjusted EBITDA Margin	*11%*	*17%*	*- 6 p.p.*

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

Economy and Market

As for the domestic scenario at the start of 2017, the Monetary Policy Committee[1] of the Central Bank of Brazil (Copom) has been sending mixed signals, though consistent with economic stabilization in the short term, indicating the possibility of a gradual recovery in economic activity over the course of 2017. In this context, the economy continues to be marked by a high level of idleness of the factors of production, which is evident from low capacity utilization by industry and, especially, the level of unemployment.

According to Copom, inflation is showing a favorable trend, with the inflation rate measured by the IPCA[2] for the last 12 months ended April 2017 closing at 4.1% when compared to the 12 prior months, converging to the center of the target established by the Central Bank of Brazil (BACEN). According to the FOCUS market readout dated May 5, 2017, inflation is expected to end the current year at around 4.0%.

According to this scenario, GDP[3] in 2017 is projected at 0.5%[4] and construction GDP is expected to drop 2.7%[5] compared to 2016.

According to ABRAMAT[6], the market for the construction materials industry remains sluggish due to high interest rates, difficulty in obtaining credit and growing unemployment, in addition to political uncertainties. Consequently, revenues deflated from sales of construction materials in the first quarter of 2017 decreased by 6.3% from the same period in 2016, in line with the progressive deceleration of decreases since the second half of 2016. For 2017, ABRAMAT points to a scenario of stability, projecting zero growth.

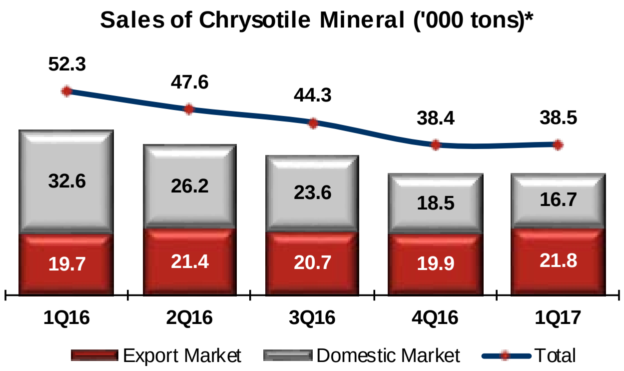
In comparison, Eternit's[7] consolidated gross revenue declined 22.8% in 1Q17, underperforming the industry (-6.3%). Note that the Company has been reconciling its operations with the reduction of inventory levels to meet market demand in both chrysotile mining and its finished products, which includes the production of fiber-cement and concrete roofing tiles.

Operational and Financial Aspects

Sales

Chrysotile mineral

In 1Q17, chrysotile mineral sales reached 38,500 tons, down 26.4% from 1Q16. In the same period, domestic sales volume dropped 48.8%, due to the lower share of chrysotile in the industrial process and the downturn in the construction materials sector. On the other hand, exports increased 10.6%, thanks to a more competitive commercial policy adopted to face off competition from mining companies in Russia and Kazakhstan.



(*) Includes intercompany sales, which accounted for 70.2% of domestic sales volume in 1Q17.

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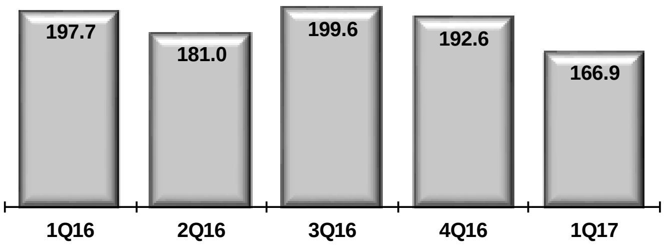
[1] Copom: Monetary Policy Committee of the Central Bank of Brazil
[2] IPCA - IBGE: National Extended Consumer Price Index disclosed by the Brazilian Institute of Geography and Statistics (IBGE).
[3] GDP: Gross domestic product.
[4] BACEN: FOCUS market readout of May 5, 2017 of the Central Bank of Brazil.
[5] BACEN: March 2017 inflation report issued by the Central Bank of Brazil.
[6] ABRAMAT: Brazilian Construction Materials Industry Association.
[7] Growth in Eternit's consolidated gross revenue compares the period from January to March 2017 and the same period in 2016, deflated by the IGP-M index.

Fiber-cement

Fiber-cement sales totaled 166,900 tons in 1Q17, 15.6% lower than in 1Q16, due to the downturn in the construction materials market caused by growing unemployment, lower income distribution, high interest rates and difficulties in obtaining credit, which negatively impact the Company's business by reducing the consumption of materials for both renovations and new constructions.

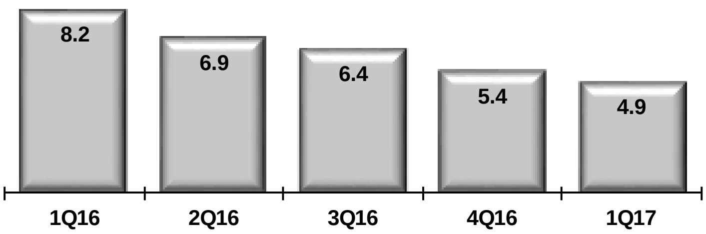
Sales of Fiber-cement ('000 tons)



Concrete Roofing Tiles

In 1Q17, concrete roofing tiles sales totaled 4.9 million units, down 39.6% from 1Q16 due to the restructuring of production units at the subsidiary Tégula Soluções para Telhados Ltda. in February 2017 in order to operate in more profitable markets, and the postponement of construction by medium- and high-income consumers due to the lack of confidence among consumers and the economic uncertainties.

Sales of Concrete RoofingTiles (million units)

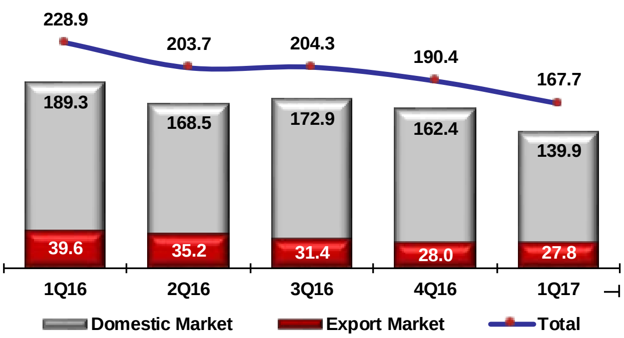


Consolidated Net Revenue

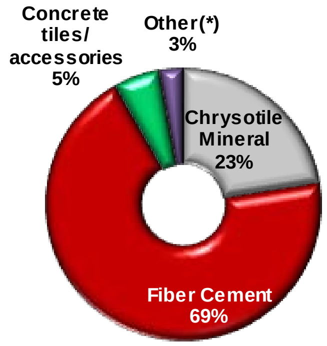
Consolidated net revenue in 1Q17 reached R$167.7 million, down 26.7% from 1Q16. Revenue from the domestic market stood at R$139.9 million, down 26.1%, mainly due to lower sales volume in its segments of operation, reflecting the downturn in the construction materials sector, the higher sale of a cheaper sales mix, which was partially offset by price repositioning in the segments of operation. Net revenue from chrysotile exports decreased 29.9% from 1Q16, reaching R$27.8 million, caused by the reduction in US dollar price to face the stiff competition, and the depreciation of 19.4% in the US dollar against the Brazilian real (comparison of average PTAX in the period).

A comparison of the performance of the main segments in 1Q17 and 1Q16 shows a decrease of 45.0% in chrysotile, 17.6% in fiber-cement and 35.0% in concrete roofing tiles and roofing accessories, with revenues of R$37.6 million, R$116.3 million and R$9.0 million, respectively.

Consolidated Net Revenue (R$ million)



Breakdown of Consolidated Net Revenue (1Q17)

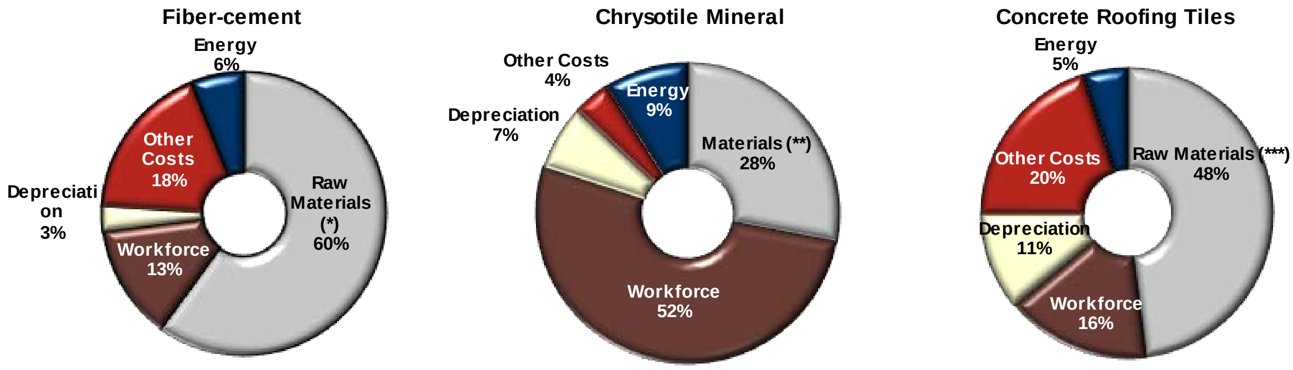


(*) Other: metal bathroom fixtures, polythene water tanks, construction solutions, among others.

Cost of Goods Sold

Consolidated cost of goods sold totaled R$114.7 million in 1Q17, down 23.0% from 1Q16, mainly due to the lower volume sold in its segments of operation and the adjustment of industrial capacity to operate in line with market demand, which was partially offset by cost pressures resulting from inflation (especially labor costs). As a result, apart from the impacts of lower net revenue caused by the decrease in volumes and the foreign exchange effect on exports, gross margin stood at 32% in the 1Q17, down 3 percentage points between the periods.

Breakdown of Cost (1Q17)



*Raw materials: cement (39%), chrysotile mineral (35%) and other (26%).
**Materials: fuel, explosives, packaging, etc.
***Raw materials: cement (52%), sand (31%) and other (17%).

Operating Expenses

In line with the structured SG&A cutting program, total operating expenses in 1Q17 decreased 17.0% from 1Q16, due to the reduction of 21.4% in selling expenses (adjustment of sales structure and lower spending on marketing campaigns) and 19.7% in general and administrative expenses.

In R$ '000	1st Quarter		
	2017	2016	Chg. %
Selling expenses	(20,900)	(26,578)	(21.4)
General and administrative expenses	(21,552)	(26,835)	(19.7)
Other operating revenues (expenses), net	(533)	1,598	-
Total operating expenses	**(42,985)**	**(51,815)**	**(17.0)**

Equity pickup

Equity pickup refers to the gain or loss from the bathroom chinaware plant in the state of Ceará, the joint venture Companhia Sulamericana de Cerâmica (CSC). In 1Q17, equity pickup was a negative R$5.6 million, as against a negative R$6.2 million in the same period last year.

Despite the industrial progress of the site, with continuous improvement in productivity indicators and the availability of a more diversified portfolio to improve business profitability, its results still reflect the economic scenario faced by clients, who mostly consume low value items in light of the country's current economic situation, such as the high level of unemployment and the drop in household income, as commented in the "Economy and Market" section.

Net Financial Result

Net financial result in 1Q17 was an expense of R$4.5 million, down 21.1% from 1Q16, mainly due to the lower effects of foreign exchange variation as a result of the non-exposure policy, both on payables and receivables in foreign currency by the Company, and the reduction of debt resulting in lower interest.

In R$ '000	1st Quarter		
	2017	2016	Chg. %
Financial expenses	(10,849)	(29,399)	(63.1)
Financial income	6,301	23,633	(73.3)
Net financial result	**(4,548)**	**(5,766)**	**(21.1)**

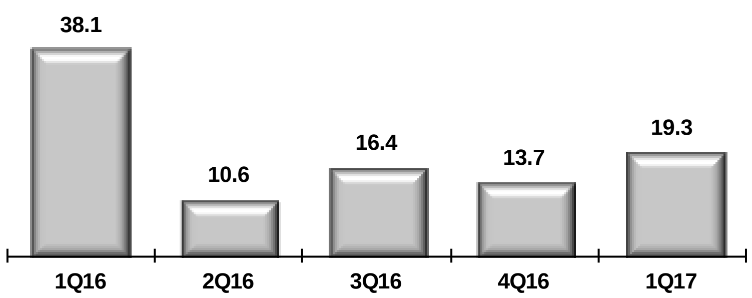
The hedging strategy for foreign exchange risk consists of obtaining a natural hedge, that is, the pursuit of a monthly balance between assets and liabilities in foreign currency among the Group companies.

Adjusted EBITDA

Adjusted EBITDA reached R$19.3 million in 1Q17, down 49.5% due to lower sales volume in the segments of operation, low industrial capacity utilization and the decline in operating margins due to a lower value-added sales mix. In order to mitigate the negative effects on adjusted EBITDA, the Company has been concentrating its efforts in reducing operating expenses in line with the structured program, as mentioned previously.

As a result, adjusted EBITDA margin declined 6 percentage points from 1Q16 to end 1Q17 at 11%.

Adjusted EBITDA (R$ million)



Reconciliation of consolidated EBITDA - (R$'000)	1st Quarter		
	2017	2016	% Chg.
Net (loss) income	**(2,955)**	**8,269**	**-**
Income tax and social contributions	2,851	7,967	(64.2)
Net financial Income	4,548	5,766	(21.1)
Depreciation and amortization	9,191	9,868	(6.9)
EBITDA[1]	**13,635**	**31,870**	**(57.2)**
Equity pickup	5,615	6,229	(9.9)
Adjusted EBITDA[2]	**19,250**	**38,099**	**(49.5)**

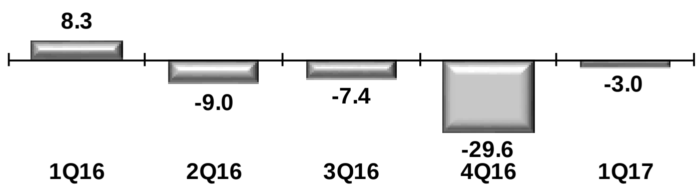
[1] The results of Companhia Sulamericana de Cerâmica (CSC) are included in the consolidated EBITDA in accordance with the equity pickup method and non-recurring events, in compliance with Instruction 527 of October 4, 2012, issued by the Securities and Exchange Commission of Brazil (CVM).

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

Net (Loss) Income

In 1Q17, Eternit posted loss of R$3.0 million, due to the factors commented in the Adjusted EBITDA section, despite the improvement in equity pickup and net financial result. Net margin declined by 6 percentage points to end the period at -2%. Note that in 1Q16 net income was positively impacted of around R$5.0 million related to non-recurring items such as sale of asset and prepayments of tax incentive from Produzir program.

Net (Loss) Income (R$ million)



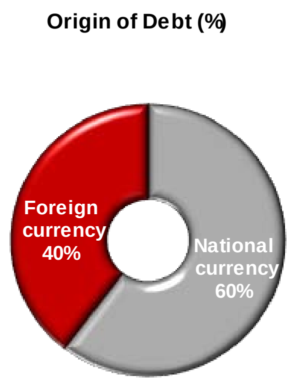
Debt

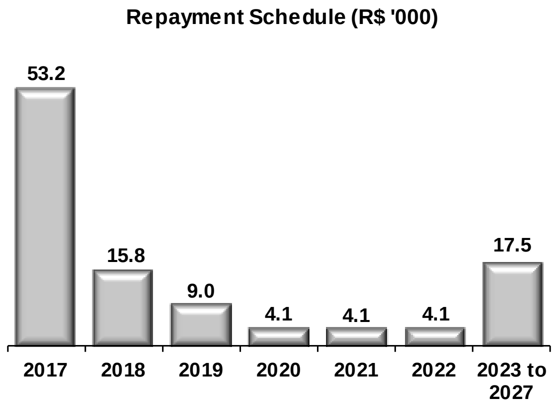
In line with its policy of reducing debt, the Company ended 1Q17 with net debt of R$99.6 million, a 15.0% decline from the net debt on December 31, 2016, due to amortizations of FINIMP[8] and FINAME[9] loans and the settlement of NCE[10] working capital agreements. In the period, gross debt of Eternit and its subsidiaries totaled R$107.8 million, mainly due to (i) the Export Credit Notes (NCE) and Advances on Foreign Exchange Contracts (ACE)[11]; and (ii) the financing facilities to acquire machinery and equipment.

Cash, cash equivalents and short-term investments totaled R$8.2 million, with investments remunerated at an average weighted rate of 103% of the variation in the CDI[12].

[8] FINIMP: Import financing
[9] FINAME: Special Agency for Industrial Financing
[10] NCE: Export Credit Notes
[11] ACE: Advances on Foreign Exchange Contracts
[12] CDI: Interbank Deposit Certificates

DEBT - R$ ´000	03/31/17	12/31/16
Short- term gross debt	58,956	69,428
Long-term gross debt	48,817	55,626
Total gross debt	**107,773**	**125,054**
Cash and cash equivalents	(3,834)	(5,143)
Short-term investments (same cash equivalents)	(4,351)	(2,708)
Net debt	**99,588**	**117,203**
Adjusted EBITDA (last 12 months)	59,935	78,784
Net debt / Adjusted EBITDA x	**1.66**	**1.49**
Net debt / Equity	**21.8%**	**25.5%**



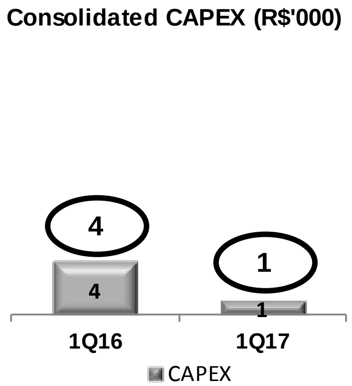


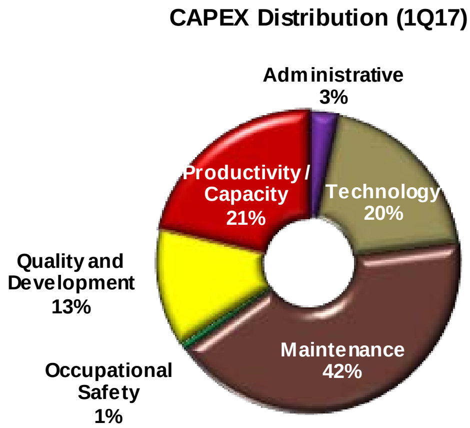
In 1Q17, 100% of the foreign currency debt was naturally hedged by accounts receivable in foreign currency on chrysotile exports.

Of the amortization flow expected in 2017, 87.7% is linked to export accounts receivable.

Capex

Capex of Eternit and its subsidiaries in 1Q17 amounted to R$1.1 million, down 69.3% from 1Q16, and was allocated to the maintenance and modernization of the Group’s industrial facilities.





Capital Markets

Eternit has been listed on the stock exchange since 1948 and since 2006 its stock has been traded on the Novo Mercado, the highest corporate governance segment of the São Paulo stock exchange - B3 (formerly BM&FBOVESPA) under the stock ticker ETER3.

With highly fragmented ownership and no shareholders' agreement or controlling group, the Company's shareholder base has a high concentration of individual investors, who accounted for 79.4% of the shareholder base on March 31, 2017, while foreign investors accounted for 6.4% and legal entities, clubs, investment funds and foundations accounted for 14.2%. In March 2017, only three shareholders held more than 5% interest in the capital stock, with an aggregate interest of 32.9%, while the Executive Board held 0.6% interest in capital stock.

On March 31, 2017, Eternit stock was quoted at R$1.31/share, while the Company's market capitalization was R$234.5 million. Visit the Company's IR website for more information.

Shareholder Remuneration

The Bylaws of Eternit establish a minimum mandatory dividend of 25% on the year's net income after deductions required by law and the Bylaws. In view of the results registered in 1Q17, there was no distribution of earnings in the period. Note that the Company's dividend policy, as determined in the Bylaws, remains unchanged, but fresh distributions will be made once positive results are recorded.

Board of Directors and Audit Board

In the Annual Shareholders Meeting (ASM) held on April 19, 2017, François Moreau was elected as the 7th member of the Board of Directors, consequent to the resignation of Luis Terepins on September 15, 2016. He is an independent director, pursuant to Novo Mercado Regulations. In addition, Marcelo Gasparino da Silva was elected Chairman of the Board of Directors. They will hold office until the Annual Shareholders Meeting of 2018.

For the Audit Board (BoA), in the aforementioned ASM, Pedro Paulo de Souza was re-elected as member and Aloisio Macário Ferreira de Souza and Paulo Henrique Zukanovich Funchal were elected together with their respective alternate members. Audit Board members will hold office until the Annual Shareholders Meeting of 2018. The Board is not permanent body. In addition, in a BoA meeting held in May 10, 2017, Paulo Henrique Zukanovich Funchal was elected as coordinator of the Audit Board.

The Annual Shareholders Meeting voted against the constitution of the Advisory Board, which is not a permanent body.

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

Restructuring of the Executive Board

In a meeting held on April 19, 2017, the Board of Directors elected Luis Augusto Barcelos Barbosa as the Chief Executive Officer.

On the same date, the Board of Directors elected Rodrigo Lopes da Luz as the Chief Financial and Administrative Officer and the Investor Relations Officer.

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

Legal issues involving chrysotile mineral

Public-interest Civil Action filed in Rio de Janeiro

Eternit was officially notified on March 27, 2017, of the full content of the judgment passed by the 49th Labor Court of Rio de Janeiro, partially granting the Public-Interest Civil Action filed by the Labor Prosecution Office of Rio de Janeiro. The conviction requires:

(i) replacing the asbestos raw material at the Rio de Janeiro unit within 18 months;

(ii) observing the maximum limit of 0.1 fiber/cm³ of asbestos in all work areas established in the National Agreement in conjunction with Article 3 of Federal Law 9,055/95;

(iii) expanding the list of medical examinations for all current and former employees of the Rio de Janeiro unit;

(iv) bearing the travel and accommodation expenses of all former employees of the Rio de Janeiro unit, who demonstrably reside more than 100 km away from where the medical services are offered; and

(v) paying indemnification for collective pain and suffering in the amount of R$30 million.

Note that Eternit's operations in Brazil are governed by Federal Law 9,055/95, Decree 2,350/97 and the Rules of the Ministry of Labor and Employment, which regulate the extraction, processing, use, sale and transport of chrysotile asbestos and products containing the mineral.

The Company hereby informs that it will take all applicable legal measures to reverse the Court decision.

Outlook

With an economic scenario of uncertainties and low levels of capacity utilization across the industry, in line with credit, employment and income data, the performance of the economy in terms of GDP in 2017 compared to in 2016 is 0.5%, according to the FOCUS market readout dated May 05, 2017, whereas the outlook for construction GDP is -2.7%, as per the March 2017 Inflation report published by the Central Bank of Brazil (BACEN).

For the construction materials sector, the Brazilian Construction Materials Industry Association (ABRAMAT) points to a scenario of stability in 2017 compared to 2016, since the market remains sluggish as a result of high unemployment and unfavorable credit conditions, in addition to political uncertainties that continue to negatively impact the industry. According to ABRAMAT only a set of measures to stimulate demand, cut interest rates and reduce unemployment can change the trend seen in the construction materials sector.

The Federal Government has been taking measures to stimulate growth in the construction and construction materials sectors through a few measures that include cutting the interest rate for real estate financing through the Caixa Econômica Federal, launch of the *Cartão Reforma* (Renovation Card) to combat the qualitative housing deficit amount low-income families, relaunch of the Construcard card for renovations, and expansion of the My Home, My Life Program. The Company believes that measures such as these that stimulate the economy are fundamental for the construction materials sector to resume growth, which will positively contribute to the Company's business.

The Company operates in the construction materials sector, whose performance depends on the construction industry, which is vital for Brazil's economic activity. It is important to emphasize the following challenges facing the country and the industry in which the Company operates, which impact our business and the demand for products in our portfolio, particularly those linked to self-managed construction: competitiveness of Brazil's industry in light of the infrastructure bottlenecks, tax aspects and appreciation of the US dollar, employment generation and better distribution of income, sustainable economic policies, and an increase in consumer and business confidence.

For fiber-cement, concrete roofing tiles and mining, the Company will optimize its operations in line with market demand, and will use the strength of its brand and the network of around 15,000 points of sale, besides increasing the points of sale to mitigate the effects of the economic crisis.

In keeping with its strategy of diversified organic growth, the plant in Manaus, Amazonas, already produces and sell polypropylene yarns with applications in fiber-cement on an industrial scale. The Company will concentrate efforts to increase the occupancy of this unit, offering its product to third parties. The bathroom chinaware unit in Ceará continuously improved its productivity indicators and has been offering a more diversified portfolio (products in the medium and medium-luxury segments) in order to improve business profitability.

Efforts will remain focused on recovering operating margin, on the constant pursuit of cost reduction and lower operating expenses to achieve the level of competitiveness required to face competition, especially during times of low installed capacity utilization, and on selling a more profitable mix in line with the expectation of improved economic activity as a whole. With regard to legal aspects involving chrysotile mineral, the Company expects the courts to consider the technical and scientific evidence in the ongoing lawsuits and, if necessary, it will take all applicable legal measures.

Regardless of the above-mentioned challenges, the Company believes in the recovery of growth of the Brazilian economy and, especially, of its industry. Management remains closely watchful of the developments and impacts of the current macroeconomic scenario, operating with financial discipline, reducing its working capital and focusing its debt reduction policy on business sustainability. In line with the Company's restructuring phase, Management seeks to start a new moment at Eternit, with modernity, innovation and care in its relationship with all its stakeholders.

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

The Executive Board of **Eternit** invites you to the disclosure of its results of the first quarter of 2017.

Presentation: Luís Augusto Barcelos Barbosa - CEO and Rodrigo Lopes da Luz – Chief Financial, Administrative and Investor Relations Officer
Date: Wednesday, May 17, 2017
Time: 10:00 a.m. - Brasília / 9:00 a.m. - Eastern Standard Time (New York) / 2:00 p.m. GMT (London)

The presentation, given through slides, can be viewed online by registering at **www.ccall.com.br/eternit/1Q17.htm** or at Eternit's investor relations website: **www.eternit.com.br/ri**

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

Playback*:* The recording of the call will be available from **May 17, 2017** to **May 23, 2017**
Dial-in: **+55 (11) 3193-1012 or 2820-4012** - Access code for participants: **2281175#**

Eternit

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ETERNIT S.A.

Balance Sheet

Corporate Law (R$ '000)

ASSETS	Parent Company		Consolidated	
	03/31/17	12/31/16	03/31/17	12/31/16
Current	**217,874**	**208,911**	**349,506**	**356,975**
Cash and cash equivalents	2,091	3,365	3,834	5,143
Short-term investments	420	32	4,351	2,708
Accounts receivable	73,976	84,835	139,490	158,663
Inventories	98,692	93,582	168,574	160,867
Taxes recoverable	9,873	9,289	18,311	17,861
Related parties	27,962	14,819	1,514	718
Other current assets	4,064	2,193	8,141	5,724
Noncurrent assets held for sale	**796**	**796**	**5,291**	**5,291**
Noncurrent assets held for sale	796	796	5,291	5,291
Non-current	**458,401**	**470,282**	**467,952**	**485,473**
Judicial deposits	14,859	14,384	22,840	22,264
Taxes recoverable	24,415	24,335	24,755	24,746
Deferred income and social contribution taxes	43,037	42,315	73,836	72,655
Related parties	5,635	27,982	5,635	15,985
Other noncurrent assets	1,084	1,078	2,553	2,545
Investments	221,772	203,707	8,590	3,546
Property, Plant and Equipment (PP&E)	141,937	150,412	304,305	317,716
Intangible assets	5,662	6,069	25,438	26,016
Total assets	**676,275**	**679,193**	**817,458**	**842,448**

LIABILITIES AND EQUITY	Parent Company		Consolidated	
	03/31/17	12/31/16	03/31/17	12/31/16
Current liabilities	**91,934**	**93,337**	**149,876**	**168,489**
Trade accounts payable	15,538	20,602	31,200	33,566
Loans and financing	8,445	10,337	58,471	68,750
Derivative financial instruments	485	374	485	678
Related parties	35,208	25,393	-	-
Personnel expenses	12,345	12,413	23,605	23,388
Dividends and interest on equity	426	426	426	426
Provision for post-employment benefits	3,184	3,184	5,115	5,115
Taxes, charges and contributions payable	10,209	14,030	16,545	22,260
Other current liabilities	6,094	6,578	14,029	14,306
Non-Current	**127,663**	**126,223**	**210,887**	**214,310**
Loans and financing	2,627	4,362	48,817	55,626
Related parties	37,666	36,012	-	-
Taxes, charges and contributions payable	1,902	1,746	5,373	4,699
Provision for tax, civil and labor risks	48,058	46,975	92,204	90,003
Provision for post-employment benefits	37,410	37,128	50,280	50,104
Provision for decommissioning of mine	-	-	14,213	13,878
Equity	**456,678**	**459,633**	**456,695**	**459,649**
Capital	334,251	334,251	334,251	334,251
Capital reserve	19,460	19,460	19,460	19,460
Treasury shares	(174)	(174)	(174)	(174)
Income reserves	118,221	118,221	118,221	118,221
Fiscal period results	(2,955)	-	(2,955)	-
Other comprehensive income	(12,125)	(12,125)	(12,125)	(12,125)
Equity attributable to controlling interests	**456,678**	**459,633**	**456,678**	**459,633**
Noncontrolling interests	-	-	17	16
Total liablities and equity	**676,275**	**679,193**	**817,458**	**842,448**

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ETERNIT S.A. (PARENT COMPANY)

Income Statements

Corporate Law

R$ ´000	1st Quarter 2017	1st Quarter 2016	% Chg.
Gross revenues	**147,456**	**170,063**	**(13.3)**
Gross revenues deductions	(37,497)	(38,633)	(2.9)
Net operating revenue	**109,959**	**131,430**	**(16.3)**
Cost of goods sold	(87,700)	(99,672)	(12.0)
Gross profit	**22,259**	**31,758**	**(29.9)**
Gross margin	***20%***	***24%***	***- 4 p.p.***
Operating income (expenses)	**(24,039)**	**(28,870)**	**(16.7)**
Selling expenses	(11,315)	(14,415)	(21.5)
General and administrative expenses	(10,484)	(12,722)	(17.6)
Other operating income (expenses), net	(2,240)	(1,733)	29.3
Operating income (expenses) before equity pickup (EBIT)	**(1,780)**	**2,888**	**-**
EBIT margin	***-2%***	***2%***	***- 4 p.p.***
Equity pickup	518	7,546	(93.1)
Operating income (expenses) before financial expenses (EBIT*)	***(1,262)***	***10,434***	**-**
Financial income (expenses), net	**(2,415)**	**(694)**	**247.9**
Financial expenses	(4,294)	(13,534)	(68.3)
Financial income	1,879	12,840	(85.4)
Income (loss) before income and social contribution taxes	**(3,677)**	**9,740**	**-**
Current (loss) income and social contributions taxes	-	(1,743)	(100.0)
Deferred (loss) income and social contributions taxes	722	273	164.2
Net income (loss) for the year	**(2,955)**	**8,270**	**-**
Net margin	***-3%***	***6%***	***- 9 p.p.***
Earnings (loss) per share, basic and diluted - R$	(0.0165)	0.0462	
EBITDA	**2,474**	**14,075**	**(82.4)**
EBITDA margin	***2%***	***11%***	***- 9 p.p.***

ETERNIT S.A. (CONSOLIDATED)

Income Statements

Corporate Law

R$ ´000	1st Quarter 2017	1st Quarter 2016	% Chg.
Gross revenues	**215,386**	**285,609**	**(24.6)**
Gross revenues deductions	(47,687)	(56,687)	(15.9)
Net operating revenue	**167,699**	**228,922**	**(26.7)**
Cost of goods sold	(114,655)	(148,876)	(23.0)
Gross profit	**53,044**	**80,046**	**(33.7)**
Gross margin	***32%***	***35%***	***- 3 p.p.***
Operating income (expenses)	**(42,985)**	**(51,815)**	**(17.0)**
Selling expenses	(20,900)	(26,578)	(21.4)
General and administrative expenses	(21,552)	(26,835)	(19.7)
Other operating income (expenses), net	(533)	1,598	-
Operating income (expenses) before equity pickup (EBIT)	**10,059**	**28,231**	**(64.4)**
EBIT margin	***6%***	***12%***	***- 6 p.p.***
Equity pickup	(5,615)	(6,229)	(9.9)
Operating income (expenses) before financial expenses (EBIT*)	***4,444***	***22,002***	**(79.8)**
Financial income (expenses), net	**(4,548)**	**(5,766)**	**(21.1)**
Financial expenses	(10,849)	(29,399)	(63.1)
Financial income	6,301	23,633	(73.3)
Income (loss) before income and social contribution taxes	**(104)**	**16,236**	**-**
Current (loss) income and social contributions taxes	(4,032)	(9,182)	(56.1)
Deferred (loss) income and social contributions taxes	1,181	1,215	(2.8)
Net income (loss) for the year	**(2,955)**	**8,269**	**-**
Net margin	***-2%***	***4%***	***- 6 p.p.***
Earnings (loss) per share, basic and diluted - R$	(0.0165)	0.0462	
EBITDA	**13,635**	**31,870**	**(57.2)**
EBITDA margin	***8%***	***14%***	***- 6 p.p.***
Adjusted EBITDA	**19,250**	**38,099**	**(49.5)**
Adjusted EBITDA margin	***11%***	***17%***	***- 6 p.p.***

(*) Adjusted EBIT due to the result of the joint venture Companhia Sulamerica de Cerâmica and non-recurring events.

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ETERNIT S.A.

STATEMENTS OF CASH FLOW

Corporate Law

R$ '000 - Accumulated	Parent Company		Consolidated	
	03/31/17	03/31/16	03/31/17	03/31/16
Cash flows from operating activities				
Income (loss) before income and social contribution taxes	**(3,677)**	**9,740**	**(104)**	**16,236**
Adjustments to reconcile pre-tax income (loss) to net cash generated by operating activities:				
Equity pickup	(518)	(7,546)	5,615	6,229
Depreciation and amortization	3,736	3,641	9,191	9,868
Gain (loss) on disposal of property, plant and equipment and intangible assets	20	-	(60)	(3,080)
Write-off of judicial deposits	-	-	16	-
Allowance for doubtful accounts	430	308	636	462
Provision for impairment of net realizable value	(41)	(47)	(41)	(47)
Estimated impairment losses	-	-	(99)	-
Provision for tax, civil and labor risks	1,083	491	2,157	1,449
Provision for post-employment benefits	282	446	176	361
Provision for decommissioning of mine	-	-	335	(368)
Financial charges, and monetary and exchange variations	234	(637)	775	3,325
Short-term investment yield	(90)	-	(200)	(145)
Net changes in prepaid expenses	705	1,822	926	2,105
	2,164	**8,218**	**19,323**	**36,395**
(Increase) decrease in operating assets:				
Accounts receivable	10,429	(8,530)	18,682	(8,076)
Receivables from related parties	(9,347)	3,706	(796)	(847)
Inventories	(1,223)	(11,181)	(7,666)	(7,743)
Taxes recoverable	5,536	3,386	5,750	1,382
Dividends and interest on equity received	(475)	(3,168)	(592)	(3,334)
Received dividends	1,011	6,250	-	-
Other assets	(2,578)	(6,317)	(3,344)	(7,886)
Increase (decrease) in operating liabilities				
Trade accounts payable	(5,064)	8,865	(2,366)	12,577
Payables to related parties	5,971	5,316	-	-
Taxes, charges and contributions payable	(3,506)	(2,867)	(4,214)	(1,863)
Provisions and social charges	(68)	2,392	217	3,994
Other liabilities	(484)	(145)	(277)	550
Interest paid	(161)	(218)	(4,928)	(3,755)
Income and social contribution taxes paid	-	-	(4,815)	(9,014)
Net cash provided by operating activities	**2,205**	**5,707**	**14,974**	**12,380**
Cash flow from investing activities				
Intercompany loan receivable	10,720	(671)	10,720	-
Amount received on disposal of PP&E items	37	-	207	3,311
Additions to PP&E and intangible assets	(777)	(2,232)	(1,118)	(3,645)
Addition to exchange gains (losses) converted into capital	-	45	-	45
Additions to investments	(10,659)	-	(10,659)	-
Short-term investments	(22,100)	-	(33,242)	(8,245)
Redemption of short-term investments	21,800	-	31,791	19,332
Net cash used in investing activities	**(979)**	**(2,858)**	**(2,301)**	**10,798**
Cash flows from financing activities				
Loans and financing raised	-	1,976	22,791	175,329
Repayment of loans and financing	(3,350)	(1,982)	(36,773)	(188,328)
Intercompany loan	850	(176)	-	-
Net cash used in financing activities	**(2,500)**	**(182)**	**(13,982)**	**(12,999)**
Increase (decrease) in cash and cash equivalents	**(1,274)**	**2,667**	**(1,309)**	**10,179**
Increase (decrease) in cash and cash equivalents				
At beginning of period	3,365	2,850	5,143	5,578
At end of period	2,091	5,517	3,834	15,757
Increase (decrease) in cash and cash equivalents	**(1,274)**	**2,667**	**(1,309)**	**10,179**