



**ROMI**

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## October 24, 2017 3Q17 Earnings Release

### September 30, 2017

#### Share Price

ROMI3 - R\$7.49 per share (on 10/23/2017)

#### Marked capitalization

R\$470.8 million  
US\$147.1 million

#### Number of shares

Common: 62,857,647  
Total: 62,857,647

**Free Float = 45.6%**

#### Investor Relations Contact

#### Fábio B. Taiar

Investor Relations Officer  
Telephone: (19) 3455-9418  
dri@romi.com

### October 25, 2017

#### Meeting with Analysts of APIMEC - SP

Time: 5:00 pm (São Paulo)  
Location: Blue Tree Faria Lima  
Av. Brig. Faria Lima, 3.989  
Broadcast though the web,  
with access link at [www.romi.com](http://www.romi.com)

#### Earnings Conference Call in English

Time: 11:00 am (São Paulo)  
1:00 pm (London)  
9:00 am (New York)  
Dial-in numbers:  
USA +1 (786) 924-6977  
Brazil +55 (11) 3193-1001  
Other + 1 (888) 700-0802  
Access code: Romi



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Santa Bárbara d'Oeste, SP, October 24, 2017 – Indústrias Romi S.A. ("Romi" or "Company") (BM&FBovespa: ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the third quarter of 2017 ("3Q17"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

## Highlights

### Operating margins continue improving and EBITDA reached 13.0% in 3Q17

- Romi Machines Business Unit, in 3Q17, reached an EBITDA margin of 10.2%, an improvement of 17.2 percentage points compared with 3Q16, as a result of the operating adjustments, reduction of costs and expenses and mix of products;
- B+W Machines Business Unit posted, in 9M17, an increase in gross and EBITDA margins of 7.0 and 11.6 percentage points, respectively, when compared with the same period of 2016, due to a growth production volume and net operating revenue;
- In 3Q17, compared with the same period of 2016, the Raw and Machined Cast Iron Parts Business Unit reported a growth of 11.3 percentage points in EBITDA margin, as a result of the improvements in the operational efficiency of this business unit.
- The Company's net debt decreased R\$ 61.2 million during 2017 and reached R\$ 16.2 million at September 30, 2017.

The order entries in 3Q17, when compared with 3Q16, reported a growth of 15.5%, with highlight to the Romi Machines and B + W Machines Business Units.

R\$'000	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	Chg. 9M17/9M16
<b>Revenues Volume</b>								
<b>Machines (units)</b>	192	141	195	38.3%	1.6%	534	498	-6.7%
<b>Burkhardt + Weber (units)</b>	4	6	5	-16.7%	25.0%	10	17	70.0%
<b>Raw and Machined Cast Iron Parts (tons)</b>	5,845	6,267	5,773	-7.9%	-1.2%	15,229	17,824	17.0%
<b>Net Operating Revenue</b>	<b>153,312</b>	<b>163,775</b>	<b>168,018</b>	2.6%	9.6%	<b>433,185</b>	<b>478,318</b>	10.4%
<i>Gross margin (%)</i>	20.0%	28.9%	28.9%			21.3%	27.6%	-
<b>Operating Income (EBIT)</b>	<b>(7,957)</b>	<b>12,301</b>	<b>14,375</b>	16.9%	-280.7%	<b>(23,549)</b>	<b>29,993</b>	-227.4%
<i>Operating margin (%)</i>	-5.2%	7.5%	8.6%			-5.4%	6.3%	-
<b>Net Income</b>	<b>(4,581)</b>	<b>11,916</b>	<b>9,122</b>	-23.4%	-299.1%	<b>(19,292)</b>	<b>23,103</b>	-219.8%
<i>Net margin (%)</i>	-3.0%	7.3%	5.4%			-4.5%	4.8%	-
<b>EBITDA</b>	<b>556</b>	<b>19,865</b>	<b>21,877</b>	10.1%	3834.7%	<b>2,587</b>	<b>52,571</b>	1932.1%
<i>EBITDA margin (%)</i>	0.4%	12.1%	13.0%			0.6%	11.0%	-
<b>Investments</b>	<b>13,896</b>	<b>4,864</b>	<b>5,115</b>	5.2%	-63.2%	<b>22,231</b>	<b>13,987</b>	-37.1%

EBITDA = Earnings before interest, taxes, depreciation and amortization.

## Corporate Profile



Romi, founded in 1930, is the leader in the Brazilian industrial machinery and equipment market, and an important manufacturer of raw and machined cast iron parts.

The Company is listed on BM&FBovespa's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC - Computerized Numerical Control Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines, and ductile or CDI gray Cast Iron Parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

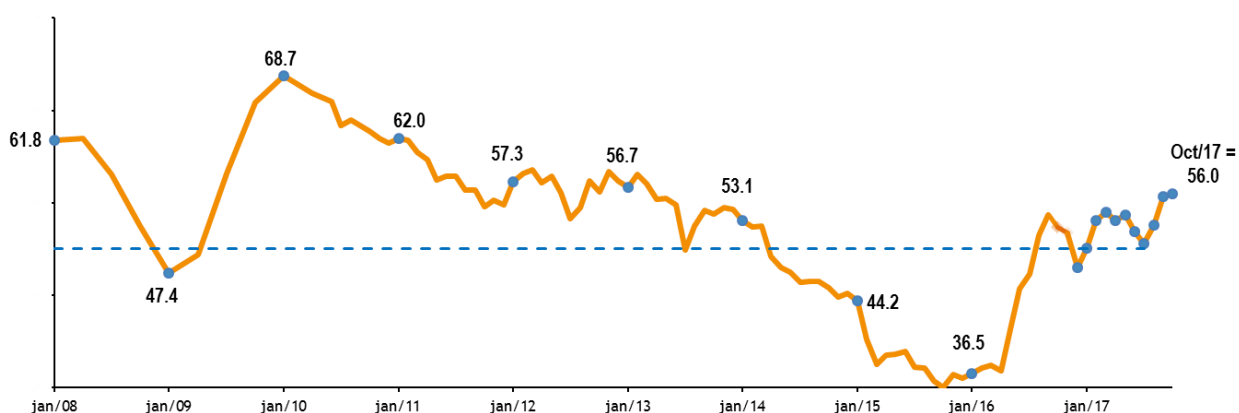
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil and two in Germany. The Company has installed capacity to produce approximately 3,500 industrial machines and 50,000 tons of castings per year.

## Current Economic Scenario

The year 2017 is still showing a poor economic activity and high volatility, although some macroeconomic data point to a possible recovery of the Brazilian economy, such as the evolution of confidence indexes when compared with January 2017 and the improvement of the installed capacity utilization, presented below. These improvements in the macroeconomic data have not yet materialized in the volume of order entries of the Romi Machines Business Unit, although an important evolution is seen in the Raw and Machined Cast Iron Parts Business Unit, in the commercial automotive and agriculture segments.

In October 2017, the Industrial Entrepreneur Confidence Index (ICEI) reached 56.0, after reaching its lowest level at the beginning of 2016, of 36.5 points, as shown below.

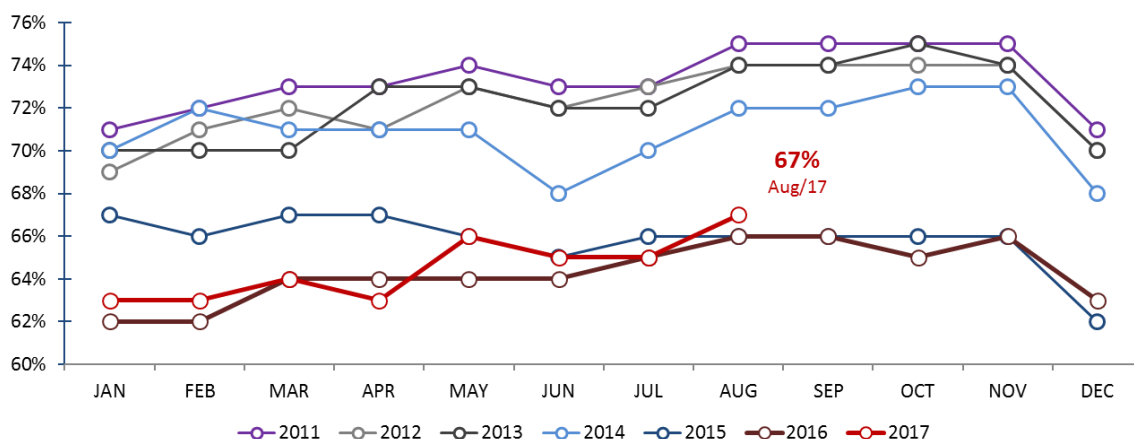
**Industrial Entrepreneur Confidence Index – ICEI**



Source: CNI – UCI, October 2017.

The Installed Capacity Utilization – UCI index of the Brazilian industry in general, as released by the National Confederation of Industry – CNI, continues at quite low levels, reaching a percentage slightly higher than that for the same period of 2016 and 2015, which recorded the lowest percentage of the monthly series (beginning in January 2011), portraying the still challenging time faced by the Brazilian economy, although there was a slight improvement during the year.

**Average installed capacity utilization**



Source: CNI – ICEI, August 2017.



This scenario, still with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels. However, the perspective of controlled inflation and a more competitive interest rate may create a more favorable environment for investments, even in a slow manner.

With this scenario of uncertainties and high volatility, Romi continues to take actions to streamline its structure and make its planning and manufacturing process more agile and flexible in order to respond quickly to demand volatility. In 2015 and 2016, we made several optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects, and invested in automation and productivity, aimed at increasing the profitability in 2017, even in a scenario of poor economic activity. The impacts of these actions can be noticed in the Company's profitability levels, which presented an improvement during the three quarters of 2017, when compared with the same periods of 2016.

## Market

The Company's main competitive advantages in the market – products with cutting-edge technology, the company's direct nationwide distribution network, ongoing own technical assistance, availability of attractive financing in local currency to its customers, and short product delivery times – are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

<b>Order Entry (R\$ 000)</b>	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	Chg. 9M17/9M16
<b>Gross Values, sales taxes included</b>								
Romi Machines	62,516	71,820	72,806	1.4%	16.5%	186,943	212,399	13.6%
Burkhardt+Weber Machines	31,333	43,083	41,090	-4.6%	31.1%	138,921	93,883	-32.4%
Rough and Machined Cast Iron Parts	39,636	52,339	40,238	-23.1%	1.5%	161,322	156,224	-3.2%
<b>Total</b>	<b>133,485</b>	<b>167,242</b>	<b>154,134</b>	<b>-7.8%</b>	<b>15.5%</b>	<b>487,186</b>	<b>462,507</b>	<b>-5.1%</b>

The volume of order entries of Romi Machines Business Unit in 3Q17 was 16.5% higher than in 3Q16, due to a greater presence of machines with higher added value and to the foreign market.

In the German subsidiary B+W, the order entries in 3Q17 was 31.1% higher than in 3Q16, due to technical and commercial efforts to develop solutions for the aeronautical and oil & gas segments, for example, as well as the focus on generating a greater volume of business opportunities. The number of projects currently in progress and the order entries in the first nine months of 2017 are within normal levels and allow us to maintain a good expectation of resumption of normal levels of profitability.

The Raw and Machined Cast Iron Parts Unit posted, in 3Q17, steady order entries compared with 3Q16, although 23.1% below 2Q17. Such decrease is due to a lower volume of large castings, which are reflecting the low level of infrastructure investments, mainly in the segment of alternative sources of energy generation. On the other hand, the commercial automotive and agriculture machines segments, which are important sectors serviced by this business unit, have been showing, in the first nine months of 2017, an increase in the volume of orders, which partially offsets the decrease in the segments of large size castings.

<b>Order Book (R\$ 000)</b>	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16
<b>Gross Values, sales taxes included</b>					
Romi Machines	68,180	77,353	90,189	16.6%	32.3%
Burkhardt+Weber Machines	130,143	131,029	141,676	8.1%	8.9%
Rough and Machined Cast Iron Parts	82,310	58,406	37,595	-35.6%	-54.3%
<b>Total *</b>	<b>280,633</b>	<b>266,787</b>	<b>269,460</b>	<b>1.0%</b>	<b>-4.0%</b>

\* The order backlog figures do not include parts, services and resales.

As at September 30, 2017, the order backlog totaled R\$ 269.5 million, 1.0% higher than the backlog at the end of 2Q17 and 4.0% lower than in 3Q16, respectively. The decrease in the backlog at the end of 3Q17 of Raw and Machined Cast Iron Parts unit when compared with 2Q17 and 3Q17 was mainly caused by the decrease in orders of large size castings, for the reasons previously mentioned in this report.

## Operating Performance

### **NET OPERATING REVENUE**

The Company's net operating revenue in 3Q17 reached R\$168.0 million, 2.6% and 9.6% higher than in 2Q17 and 3Q16, respectively. This increase is mainly due to the higher revenue of the B + W Machines Unit, which posted a growth of 57.1% in 3Q17 when compared with 3Q16.

### **By Business Unit**

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	Chg. 9M17/9M16
Romi Machines	63,951	65,112	72,084	10.7%	12.7%	195,783	196,509	-5.6%
Burkhardt+Weber Machines	26,590	34,335	41,774	21.7%	57.1%	81,811	105,978	16.3%
Raw and Machined Cast Iron Parts	62,771	64,328	54,160	-15.8%	-13.7%	155,591	175,831	31.1%
<b>Total</b>	<b>153,312</b>	<b>163,775</b>	<b>168,018</b>	<b>2.6%</b>	<b>9.6%</b>	<b>433,185</b>	<b>478,318</b>	<b>10.9%</b>

#### **Romi Machines**

The net operating revenue of this Business Unit reached R\$72.1 million in 3Q17, posting a growth of 12.7% when compared with the same period of 2016. The foreign market revenues, which continue showing soundness, and the product, mix, with machines of higher value added, are the main reasons for this growth.

#### **Burkhardt+Weber Machines**

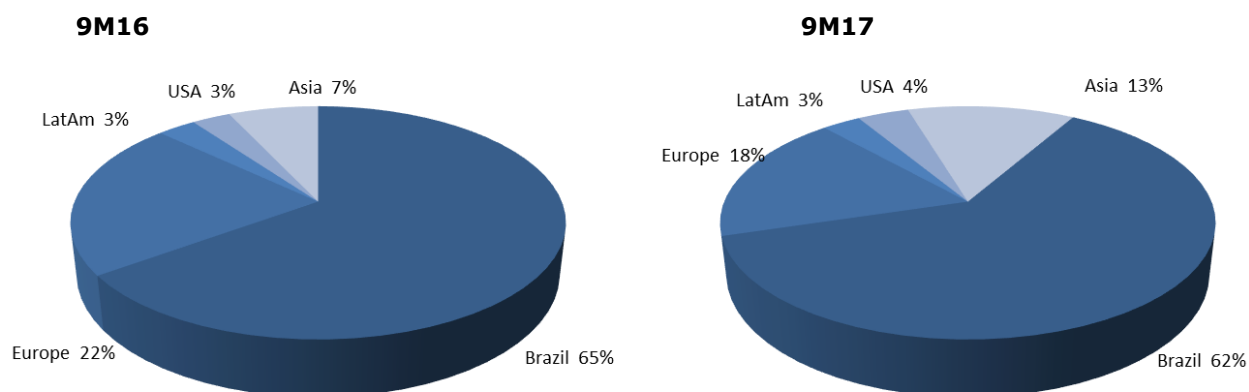
The revenue of the German subsidiary B+W posted growth of 57.1% in 3Q17 when compared with 3Q16, showing that the revenue has been reflecting the solid entry of orders and orders backlog for the year 2017.

#### **Raw and Machined Cast Iron Parts**

The net operating revenue of this Business Unit was R\$54.2 million in 3Q17, a decrease of 13.7% compared with the same period of the prior year, mostly due to the decrease in orders of large raw and machined cast iron parts.

### **By Geographic Region**

The domestic market accounted for 62% of Romi's consolidated revenue in 9M17, three percentage points lower than in 9M16. Considering the revenue obtained in the foreign market, which considers the sales made by Romi's subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and the direct sales for other markets. The distribution of Romi's total revenue, by geographic region, was as follows:



Below we show the revenues obtained in the foreign market, in Brazilian Reais (R\$) and US Dollars (US\$):

Foreign Sales	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	
Net Sales (R\$ million)	48.0	58.0	68.2	17.5%	42.0%	148.4	178.3	20.2%
Net Sales (US\$ million)	14.8	17.5	21.5	22.7%	45.5%	44.7	55.5	24.3%

## OPERATING COSTS AND EXPENSES

The gross margin obtained in 3Q17, of 28.9%, posted an increase of 8.9 percentage points in relation to 3Q16, as well as the operating margin (EBIT), which in 3Q17 posted a growth of 12.7 percentage points when compared with 3Q16, as a result of the operating improvement of all business units, due to the following main factors: (i) operating adjustments in the parent company; (ii) reduction of costs and expenses; and (iii) improved production volume in German subsidiary B + W.

Gross Margin	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. p.p. 3Q17/2Q17	Chg. p.p. 3Q17/3Q16	9M16	9M17	Chg. pp 2017/2016
Romi Machines	27.5%	36.6%	33.9%	(2.6)	6.5	29.7%	35.7%	6.1
Burkhardt+Weber Machines	13.8%	17.0%	22.5%	5.5	8.7	13.5%	20.4%	7.0
Raw and Machined Cast Iron Parts	15.1%	27.5%	27.1%	(0.4)	12.0	14.8%	22.9%	8.2
<b>Total</b>	<b>20.0%</b>	<b>28.9%</b>	<b>28.9%</b>	<b>(0.0)</b>	<b>8.9</b>	<b>21.3%</b>	<b>27.6%</b>	<b>6.4</b>

EBIT Margin	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. p.p. 3Q17/2Q17	Chg. p.p. 3Q17/3Q16	9M16	9M17	Chg. pp 2017/2016
Romi Machines	-5.4%	4.5%	6.0%	1.5	11.4	-10.1%	4.4%	14.5
Burkhardt+Weber Machines	-8.0%	-3.6%	3.1%	6.7	11.1	-13.6%	0.0%	13.6
Raw and Machined Cast Iron Parts	1.9%	16.5%	16.2%	(0.3)	14.3	4.7%	12.1%	7.4
<b>Total</b>	<b>-4.1%</b>	<b>7.5%</b>	<b>8.6%</b>	<b>1.0</b>	<b>12.7</b>	<b>-5.4%</b>	<b>6.3%</b>	<b>11.7</b>

### Romi Machines

The gross and operating margins of this Business Unit in 3Q17 posted increase of 6.5 and 11.4 percentage points when compared with 3Q16, due to operating adjustments made in 2016, the improvement in the mix of products and the timely control and monitor of operating expenses. On the other hand, the appreciation of the Brazilian currency (Real) in 2017 impacted the export margins in 3Q17.

### Burkhardt+Weber Machines

In this Business Unit, the gross margin in 3Q17 was 22.5%, an increase of 8.7 percentage points when compared with 3Q16. In the same period of comparison, the operating margin also reported an increase of 11.1 percentage points. These improvements in margins were mainly caused by the larger production volume during 2017, which allowed a better dilution of fixed costs and expenses.

### Raw and Machined Cast Iron Parts

The gross and operating margin of this Business Unit in 3Q17 posted an increase of 12.0 and 14.3 percentage points in relation to 3Q16. The projects focused on operational efficiency and the strategy to add more value to products were the main reasons for this improvement in margins.

## **EBITDA AND EBITDA MARGIN**

In 3Q17, the operating cash generation as measured by EBITDA, was R\$21.9 million, representing an EBITDA margin of 13.0% in the quarter, as shown in the table below:

Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	Chg. 9M17/9M16
<b>Net Income</b>	(4,581)	11,916	9,122	-23.4%	-299.1%	(19,289)	23,100	-219.8%
Income tax and social contributions	(1,833)	4,322	4,295	-0.6%	-334.3%	(6,427)	9,352	-245.5%
Net Financial Income	(1,543)	(3,937)	958	-124.3%	-162.1%	2,170	(2,462)	-213.5%
Depreciation and amortization	8,513	7,564	7,502	-0.8%	-11.9%	26,132	22,579	-13.6%
<b>EBITDA</b>	556	19,865	21,877	10.1%	3834.7%	2,585	52,571	1933.7%
<b>EBITDA Margin</b>	0.4%	12.1%	13.0%	0.07	34.90	0.6%	11.0%	17.42
<b>Total Net Operating Revenue</b>	<b>153,312</b>	<b>163,775</b>	<b>168,018</b>	<b>2.6%</b>	<b>9.6%</b>	<b>433,185</b>	<b>478,318</b>	<b>10.4%</b>

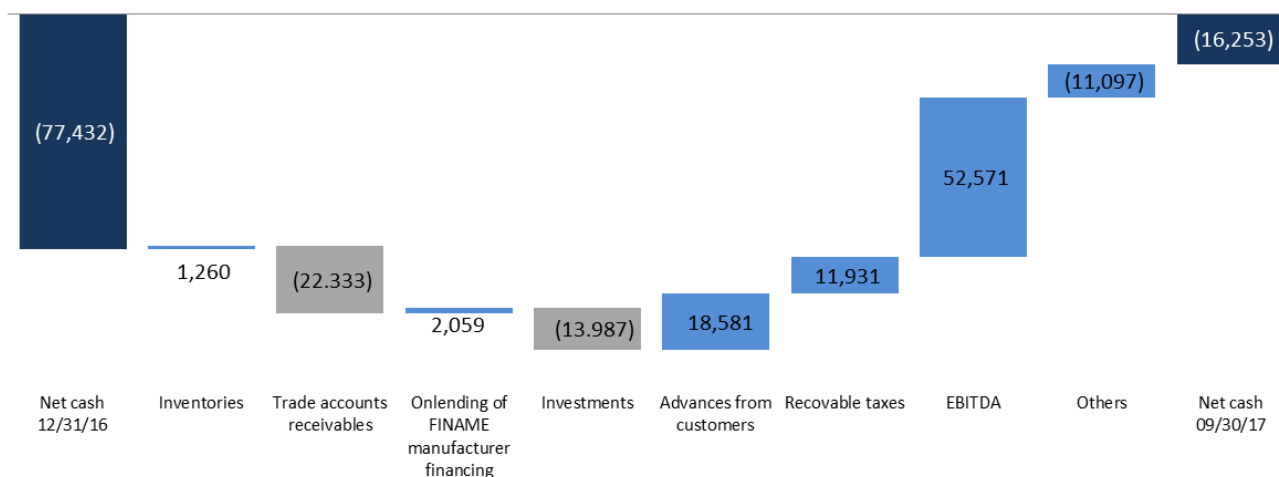
## **PROFIT FOR THE PERIOD**

Profit was R\$ 9.1 million in 3Q17, representing a net margin of 5.4%.



## Evolution of Net Cash (debt) Position

The main changes in the net debt position during 9M17 are described below in R\$ '000.



The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt.

### Trade accounts receivable

The increase in the balance of trade accounts receivable was directly impacted by the growth in exports of Romi Machines and sales volume of both Raw and Machined Cast Iron Parts and Burkhardt+Weber machines units.

### Investments

The investments in 9M17 totaled R\$ 14 million, approximately R\$ 5 million of this amount is intended for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. This equipment will allow to automate the current process, making it more competitive, and to increase the capacity and quality in delivery of medium raw and machined cast iron parts. The installation will continue occurring in 2017, with beginning of production estimated for 2018. The other investment amounts were allocated partly to the maintenance, productivity, flexibility and competitiveness of the other units of the industrial facilities, within the investment plan established for 2017.

### Advances from customers

The increase in the balance of advances from customers was directly impacted by the growth of the order backlog for Romi machines and Burkhardt+Weber machines units.

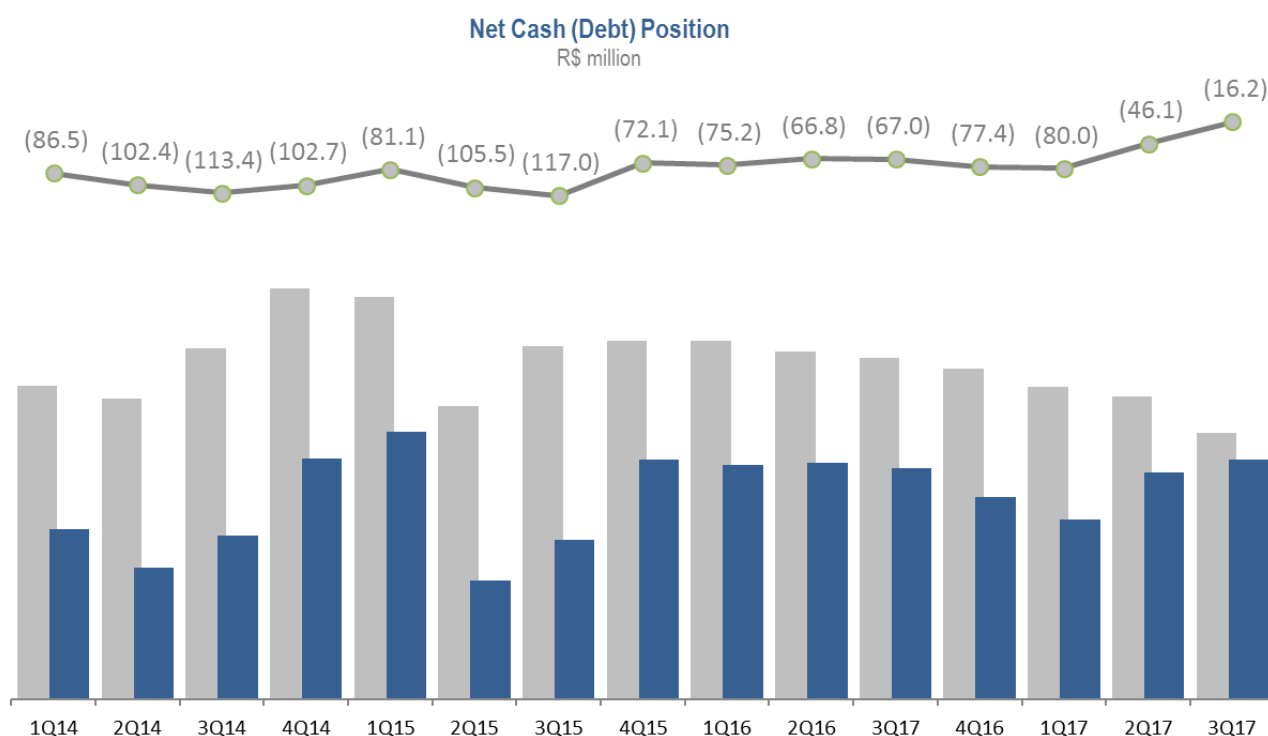
### Recoverable taxes and contributions

The utilization of tax credits related to IR/CSLL, ICMS and COFINS resulted in a reduction of approximately R\$ 12 million in the period.

## Financial Position

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is substantially indexed to the interbank deposit rate ("CDI"). The consolidated net cash (debt) position as at September 30, 2017 was R\$16.2 million.

The Company's borrowings are used basically in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. As at September 30, 2017, the amount of financing in local currency was R\$146.0 million and in foreign currency, R\$15.3 million, totaling R\$161.3 million.



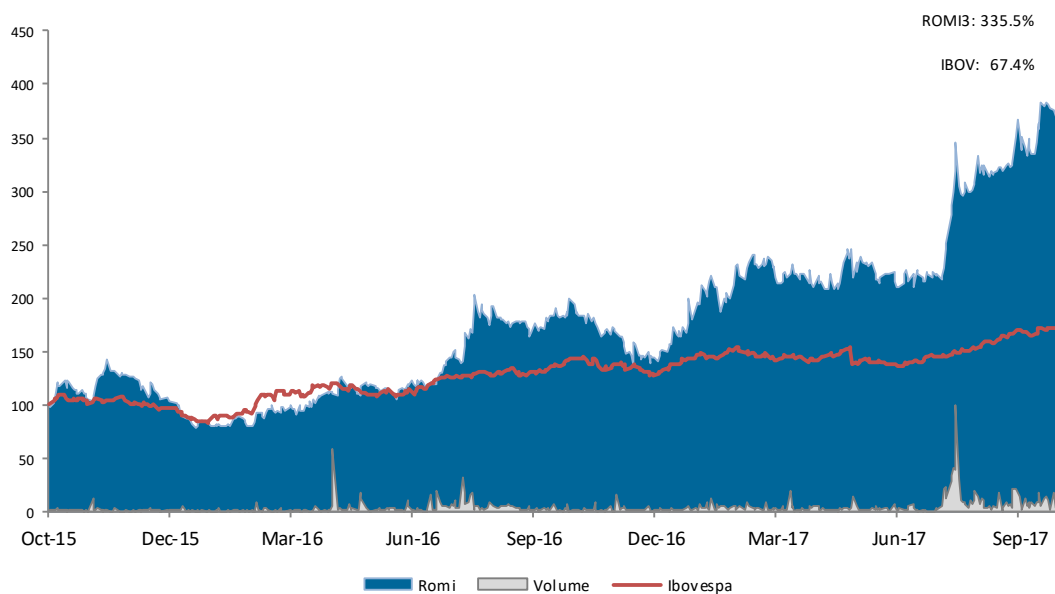
The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt.

As at September 30, 2017, the Company did not have any derivative transactions.

## Capital Market

### Share Performance ROMI3 vs. Ibovespa

From 10/01/2015 to 10/23/2017



Source: BM&FBovespa.

At October 23, 2017, the Company's common shares (ROMI3) were traded at R\$7.49, posting appreciation of 182.6% since December 31, 2016 and 335.5% since September 30, 2015. Ibovespa posted appreciation of 26.6% and 67.4% in the same period.

The Company's market capitalization at October 23, 2017 was R\$470.8 million. The average daily trading volume in 3Q17 was R\$1,139.7 thousand.

## Consolidated Balance Sheet

(R\$ 000)

	ASSETS				LIABILITIES AND SHAREHOLDER'S EQUITY			
	09/30/16	12/31/16	06/30/17	09/30/17	09/30/16	12/31/16	06/30/17	09/30/17
<b>CURRENT</b>	<b>666,283</b>	<b>622,374</b>	<b>630,895</b>	<b>633,631</b>	<b>279,804</b>	<b>290,889</b>	<b>293,934</b>	<b>320,205</b>
Cash and Cash equivalents	119,105	101,510	122,566	128,420	68,062	99,435	94,443	108,208
Financial investments	20,616	20,831	14,697	16,592	70,501	67,177	57,386	54,261
Trade accounts receivable	104,848	94,216	117,128	117,583	37,241	34,482	35,284	34,387
Onlending of FINAME manufacturer financing	106,754	102,356	88,619	82,231	30,686	19,013	27,305	32,330
Inventories	271,858	264,587	257,042	263,327	2,408	2,596	2,461	2,578
Recoverable taxes	24,104	24,402	14,872	12,471	52,939	53,787	59,673	72,368
Other receivables	18,998	14,472	15,971	13,007	17,967	14,399	17,382	16,073
<b>NON CURRENT</b>	<b>479,775</b>	<b>461,746</b>	<b>459,096</b>	<b>454,331</b>	<b>239,023</b>	<b>191,699</b>	<b>172,429</b>	<b>136,405</b>
Trade accounts receivable	10,628	11,996	10,992	10,962	138,623	100,338	88,910	53,057
Onlending of FINAME manufacturer financing	76,802	67,323	61,727	63,797	71,167	62,953	53,509	54,277
Recoverable taxes	919	777	584	645	27,596	25,853	28,042	27,635
Deferred income and social contribution taxes	55,643	58,053	56,257	55,109	539	539	539	539
Judicial Deposits	2,690	2,115	2,082	2,102	814	1,920	1,310	784
Other receivables	7,558	9,065	12,793	11,134	284	96	119	113
<b>Investments</b>					<b>625,716</b>	<b>599,962</b>	<b>621,955</b>	<b>629,857</b>
Property, Plant and Equipment	261,523	252,033	250,008	246,709	492,025	492,025	492,025	492,025
Investment Property	18,008	17,538	18,329	18,602	129,938	90,243	90,243	90,243
Intangible assets	46,004	42,846	46,324	45,271	(19,463)	-	13,764	22,847
					23,216	17,694	25,923	24,742
<b>NON CONTROLLING INTERESTS</b>					<b>1,515</b>	<b>1,570</b>	<b>1,673</b>	<b>1,495</b>
<b>TOTAL ASSETS</b>	<b>1,146,058</b>	<b>1,084,120</b>	<b>1,089,991</b>	<b>1,087,962</b>	<b>627,231</b>	<b>601,532</b>	<b>623,628</b>	<b>631,352</b>
					<b>1,146,058</b>	<b>1,084,120</b>	<b>1,089,991</b>	<b>1,087,962</b>
					<b>TOTAL SHAREHOLDER'S EQUITY</b>	<b>601,532</b>	<b>623,628</b>	<b>631,352</b>
					<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>1,146,058</b>	<b>1,089,991</b>	<b>1,087,962</b>

## Consolidated Income Statement

(R\$ thousand)

	3Q16	2Q17	3Q17	Chg. 3Q17/2Q17	Chg. 3Q17/3Q16	9M16	9M17	Chg. 2017/2016
<b>Net Operating Revenue</b>	<b>153,312</b>	<b>163,775</b>	<b>168,018</b>	<b>11.8%</b>	<b>9.1%</b>	<b>433,185</b>	<b>478,318</b>	<b>10.4%</b>
Cost of Goods Sold	(122,586)	(116,401)	(119,448)	5.5%	1.3%	(341,085)	(346,130)	1.5%
<b>Gross Profit</b>	<b>30,726</b>	<b>47,374</b>	<b>48,570</b>	<b>30.7%</b>	<b>34.8%</b>	<b>92,100</b>	<b>132,188</b>	<b>43.5%</b>
<i>Gross Margin %</i>	<i>20.0%</i>	<i>28.9%</i>	<i>28.9%</i>	<i>4.2%</i>	<i>5.5%</i>	<i>21.3%</i>	<i>27.6%</i>	
<b>Operating Expenses</b>	<b>(38,683)</b>	<b>(35,073)</b>	<b>(34,195)</b>	<b>6.5%</b>	<b>-8.1%</b>	<b>(115,649)</b>	<b>(102,195)</b>	<b>-11.6%</b>
Selling expenses	(19,313)	(17,552)	(16,935)	19.7%	-2.3%	(52,264)	(49,146)	-6.0%
Research and development expenses	(4,562)	(4,422)	(4,112)	9.1%	-2.0%	(13,210)	(12,586)	-4.7%
General and administrative expenses	(14,198)	(13,523)	(12,175)	4.8%	-8.5%	(48,147)	(38,604)	-19.8%
Management profit sharing and compensation	(1,364)	(1,775)	(1,683)	22.2%	31.2%	(3,903)	(4,911)	25.8%
Other operating income, net	754	2,199	710	1448.6%	376.0%	1,875	3,052	62.8%
<b>Operating Income before Financial Results</b>	<b>(7,957)</b>	<b>12,301</b>	<b>14,375</b>	<b>271.0%</b>	<b>-507.5%</b>	<b>(23,549)</b>	<b>29,993</b>	<b>-227.4%</b>
<i>Operating Margin %</i>	<i>-5.2%</i>	<i>7.5%</i>	<i>8.6%</i>	<i>5.2%</i>	<i>9.5%</i>	<i>-5.4%</i>	<i>6.3%</i>	
<b>Financial Results, Net</b>	<b>1,543</b>	<b>3,937</b>	<b>(958)</b>	<b>-861.5%</b>	<b>-264.9%</b>	<b>(2,170)</b>	<b>2,462</b>	<b>-213.5%</b>
Financial income	5,711	4,444	4,098	3.7%	-25.1%	15,833	12,827	-19.0%
Financial expenses	(4,871)	(3,638)	(4,220)	-10.5%	-35.0%	(14,210)	(11,925)	-16.1%
Exchange gain (loss), net	703	3,131	(836)	-526.0%	-215.2%	(3,793)	1,560	-141.1%
<b>Operations Operating Income</b>	<b>(6,414)</b>	<b>16,238</b>	<b>13,417</b>	<b>480.1%</b>	<b>-400.4%</b>	<b>(25,719)</b>	<b>32,455</b>	<b>-226.2%</b>
Income tax and social contribution	1,833	(4,322)	(4,295)	488.0%	-813.2%	6,427	(9,352)	-245.5%
<b>Net income</b>	<b>(4,581)</b>	<b>11,916</b>	<b>9,122</b>	<b>477.3%</b>	<b>-348.3%</b>	<b>(19,292)</b>	<b>23,103</b>	<b>-219.8%</b>
<i>Net Margin %</i>	<i>-3.0%</i>	<i>7.3%</i>	<i>5.4%</i>	<i>5.9%</i>	<i>10.5%</i>	<i>-4.5%</i>	<i>4.8%</i>	
<b>Net profit concerning:</b>								
Controlling interests	(4,639)	11,748	9,083	483.0%	-341.8%	(19,463)	22,846	-217.4%
Non controlling interests	58	168	39	242.9%	189.7%	171	256	49.7%
<b>EBITDA</b>	<b>556</b>	<b>19,865</b>	<b>21,877</b>	<b>83.4%</b>	<b>251.1%</b>	<b>2,583</b>	<b>52,572</b>	<b>1935.3%</b>
Profit (loss) for the period	(4,581)	11,916	9,122	477.3%	-348.3%	(19,292)	23,103	-219.8%
Income tax and social contribution	(1,833)	4,322	4,295	488.0%	-813.2%	(6,427)	9,352	-245.5%
Financial income, net	(1,543)	(3,937)	958	-861.5%	-264.9%	2,170	(2,462)	-213.5%
Depreciation and amortization	8,513	7,564	7,502	0.7%	-12.8%	26,132	22,579	-13.6%
<i>EBITDA Margin %</i>	<i>0.4%</i>	<i>12.1%</i>	<i>13.0%</i>	<i>4.7%</i>	<i>8.4%</i>	<i>0.6%</i>	<i>11.0%</i>	
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%	62,858	62,858	0.0%
Profit (loss) per share - R\$	(0.07)	0.19	0.14	483.0%	-352.6%	(0.31)	0.37	-219.8%



## Consolidated Cash Flow Statement

(R\$ thousand)

	3Q16	2Q17	3Q17	9M16	9M17
<b>Cash from operating activities</b>					
<b>Net Income</b>	<b>(6,415)</b>	<b>16,239</b>	<b>13,417</b>	<b>(25,719)</b>	<b>32,455</b>
Financial expenses and exchange gain	2,718	(304)	3,597	7,576	5,771
Depreciation and amortization	8,513	7,564	7,502	26,132	22,579
Allowance for doubtful accounts and other receivables	(3,073)	97	(2,204)	(2,272)	(1,687)
Proceeds from sale of fixed assets and intangibles	(358)	(2,607)	(1,110)	(444)	(4,014)
Provision for inventory realization	(1,627)	(2,426)	430	(4,803)	(4,471)
Reserve for contingencies	(253)	1,279	1,544	(95)	(688)
<b>Change on operating assets and liabilities</b>					
Financial Investments	(3,198)	6,668	(1,895)	(20,203)	4,239
Trade accounts receivable	1,860	3,089	1,284	15,125	(13,757)
Onlending of Finame manufacturer financing	12,142	1,302	5,842	38,623	23,449
Inventories	(3,375)	(4,580)	(6,716)	732	5,732
Recoverable taxes, net	(5,275)	7,877	3,488	(7,802)	15,007
Judicial deposits	(61)	(803)	(864)	(68)	(2,245)
Other receivables	1,525	916	5,942	7,502	5,428
Trade accounts payable	(3,427)	8,119	(759)	9,589	(159)
Payroll and related taxes	3,526	5,223	4,497	10,113	14,361
Taxes payable	1,345	(711)	(4,050)	(2,107)	(6,013)
Advances from customers	18,143	6,008	12,695	15,088	18,581
Other payables	906	3,535	(3,058)	(7,539)	1,521
<b>Cash provided by (used in) operating activities</b>	<b>23,616</b>	<b>56,485</b>	<b>39,582</b>	<b>59,428</b>	<b>116,089</b>
Income tax and social contribution paid	169	(198)	(535)	(533)	(1,575)
<b>Net Cash provided by (used in) operating activities</b>	<b>23,785</b>	<b>56,287</b>	<b>39,047</b>	<b>58,895</b>	<b>114,514</b>
Purchase of fixed assets	(13,896)	(4,840)	(5,104)	(22,231)	(13,338)
Sales of fixed assets	772	3,119	1,757	1,566	5,370
Increase in intangible assets	(76)	(25)	(11)	(76)	(707)
<b>Net cash Used in Investing Activities</b>	<b>(13,200)</b>	<b>(1,746)</b>	<b>(3,358)</b>	<b>(20,741)</b>	<b>(8,675)</b>
Interest on capital paid	(109)	-	(217)	(2,415)	(331)
Share Repurchase	-	-	-	(5,705)	-
New loans and financing	1,898	3,413	4,383	31,075	9,597
Payments of loans and financing	(6,117)	(10,322)	(25,737)	(36,471)	(48,882)
Interests paid (including Finame manufacturer financing)	(5,018)	(5,426)	(5,490)	(16,207)	(15,936)
New loans in Finame manufacturer	13,147	12,842	14,292	33,891	31,893
Payment of Finame manufacturer financing	(21,074)	(18,836)	(16,930)	(67,245)	(54,263)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>(17,273)</b>	<b>(18,329)</b>	<b>(29,699)</b>	<b>(63,077)</b>	<b>(77,922)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(6,688)</b>	<b>36,212</b>	<b>5,990</b>	<b>(24,923)</b>	<b>27,917</b>
Exchange variation changes on cash and cash equivalents abroad	6	(860)	(136)	(140)	(1,007)
<b>Cash and cash equivalents - beginning of period</b>	<b>2,613</b>	<b>87,214</b>	<b>122,566</b>	<b>144,581</b>	<b>101,510</b>
<b>Cash and cash equivalents - end of period</b>	<b>(4,069)</b>	<b>122,566</b>	<b>128,420</b>	<b>119,518</b>	<b>128,420</b>

## Appendix I – Income Statement by Business Unit

### Income Statement by Business Units - 3Q17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>72,084</b>	<b>41,774</b>	<b>54,160</b>	<b>168,018</b>
<b>Cost of Sales and Services</b>	<b>(43,290)</b>	<b>(32,366)</b>	<b>(43,793)</b>	<b>(119,449)</b>
Business Units Transfers	1,203	-	5,531	6,734
Business Units Transfers	(5,531)	-	(1,203)	(6,734)
<b>Gross Profit</b>	<b>24,466</b>	<b>9,408</b>	<b>14,695</b>	<b>48,569</b>
<i>Gross Margin %</i>	<i>33.9%</i>	<i>22.5%</i>	<i>27.1%</i>	<i>28.9%</i>
<b>Operating Expenses</b>	<b>(20,154)</b>	<b>(8,117)</b>	<b>(5,926)</b>	<b>(34,197)</b>
Selling	(11,813)	(3,627)	(1,496)	(16,936)
General and Administrative	(4,259)	(4,490)	(3,426)	(12,175)
Research and Development	(4,112)	-	-	(4,112)
Management profit sharing	(679)	-	(1,004)	(1,683)
Other operating revenue	709	-	-	709
<b>Operating Income before Financial Results</b>	<b>4,312</b>	<b>1,291</b>	<b>8,769</b>	<b>14,372</b>
<i>Operating Margin %</i>	<i>6.0%</i>	<i>3.1%</i>	<i>16.2%</i>	<i>8.6%</i>
Depreciation and amortization	3,065	1,505	2,933	7,503
<b>EBITDA</b>	<b>7,377</b>	<b>2,796</b>	<b>11,702</b>	<b>21,875</b>
<i>EBITDA Margin %</i>	<i>10.2%</i>	<i>6.7%</i>	<i>21.6%</i>	<i>13.0%</i>

### Income Statement by Business Units - 3Q16

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>63,951</b>	<b>26,590</b>	<b>62,771</b>	<b>153,312</b>
<b>Cost of Sales and Services</b>	<b>(42,799)</b>	<b>(22,926)</b>	<b>(56,861)</b>	<b>(122,586)</b>
Business Units Transfers	258	-	3,830	4,088
Business Units Transfers	(3,830)	-	(258)	(4,088)
<b>Gross Profit</b>	<b>17,580</b>	<b>3,664</b>	<b>9,482</b>	<b>30,726</b>
<i>Gross Margin %</i>	<i>27.5%</i>	<i>13.8%</i>	<i>15.1%</i>	<i>20.0%</i>
<b>Operating Expenses</b>	<b>(25,782)</b>	<b>(6,593)</b>	<b>(6,308)</b>	<b>(38,683)</b>
Selling	(15,293)	(2,788)	(1,232)	(19,313)
General and Administrative	(6,011)	(3,805)	(4,382)	(14,198)
Research and Development	(4,562)	-	-	(4,562)
Management profit sharing	(670)	-	(694)	(1,364)
Other operating revenue	754	-	-	754
<b>Operating Income before Financial Results</b>	<b>(8,202)</b>	<b>(2,929)</b>	<b>3,174</b>	<b>(7,957)</b>
<i>Operating Margin %</i>	<i>-12.8%</i>	<i>-11.0%</i>	<i>5.1%</i>	<i>-5.2%</i>
Depreciation and amortization	3,703	1,490	3,320	8,513
<b>EBITDA</b>	<b>(4,499)</b>	<b>(1,439)</b>	<b>6,494</b>	<b>556</b>
<i>EBITDA Margin %</i>	<i>-7.0%</i>	<i>-5.4%</i>	<i>10.3%</i>	<i>0.4%</i>

## Income Statement by Business Units - 9M17

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>196,509</b>	<b>105,978</b>	<b>175,831</b>	<b>478,318</b>
<b>Cost of Sales and Services</b>	(119,842)	(84,330)	(141,957)	(346,130)
Business Units Transfers	4,274	-	10,750	15,025
Business Units Transfers	(10,750)	-	(4,274)	(15,025)
<b>Gross Profit</b>	<b>70,190</b>	<b>21,648</b>	<b>40,350</b>	<b>132,188</b>
<i>Gross Margin %</i>	<i>35.7%</i>	<i>20.4%</i>	<i>22.9%</i>	<i>27.6%</i>
<b>Operating Expenses</b>	<b>(61,508)</b>	<b>(21,656)</b>	<b>(19,031)</b>	<b>(102,195)</b>
Selling	(35,261)	(9,212)	(4,673)	(49,146)
General and Administrative	(14,639)	(12,444)	(11,521)	(38,604)
Research and Development	(12,586)	-	-	(12,586)
Management profit sharing	(2,074)	-	(2,837)	(4,911)
Other operating revenue	3,052	-	-	3,052
<b>Operating Income before Financial Results</b>	<b>8,682</b>	<b>(8)</b>	<b>21,319</b>	<b>29,993</b>
<i>Operating Margin %</i>	<i>4.4%</i>	<i>0.0%</i>	<i>12.1%</i>	<i>6.3%</i>
Depreciation and amortization	9,372	4,273	8,934	22,579
<b>EBITDA</b>	<b>18,054</b>	<b>4,265</b>	<b>30,253</b>	<b>52,572</b>
<i>EBITDA Margin %</i>	<i>9.2%</i>	<i>4.0%</i>	<i>17.2%</i>	<i>11.0%</i>

## Income Statement by Business Units - 9M16

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>195,783</b>	<b>81,811</b>	<b>155,591</b>	<b>433,185</b>
<b>Cost of Sales and Services</b>	(130,111)	(70,794)	(140,180)	(341,085)
Business Units Transfers	1,934	-	9,532	11,466
Business Units Transfers	(9,532)	-	(1,934)	(11,466)
<b>Gross Profit</b>	<b>58,074</b>	<b>11,017</b>	<b>23,009</b>	<b>92,100</b>
<i>Gross Margin %</i>	<i>29.7%</i>	<i>13.5%</i>	<i>14.8%</i>	<i>21.3%</i>
<b>Operating Expenses</b>	<b>(77,789)</b>	<b>(22,148)</b>	<b>(15,712)</b>	<b>(115,649)</b>
Selling	(41,001)	(8,019)	(3,244)	(52,264)
General and Administrative	(23,227)	(14,128)	(10,792)	(48,147)
Research and Development	(13,210)	-	-	(13,210)
Management profit sharing	(2,227)	-	(1,676)	(3,903)
Other operating revenue	1,875	-	-	1,875
<b>Operating Income before Financial Results</b>	<b>(19,715)</b>	<b>(11,131)</b>	<b>7,297</b>	<b>(23,549)</b>
<i>Operating Margin %</i>	<i>-10.1%</i>	<i>-13.6%</i>	<i>4.7%</i>	<i>-5.4%</i>
Depreciation and amortization	11,244	4,943	9,944	26,132
<b>EBITDA</b>	<b>(8,471)</b>	<b>(6,187)</b>	<b>17,241</b>	<b>2,583</b>
<i>EBITDA Margin %</i>	<i>-4.3%</i>	<i>-7.6%</i>	<i>11.1%</i>	<i>0.6%</i>

## Appendix II – Financial Statements of Brazil

	(€ 000)		
ASSETS	12/31/16	06/30/17	09/30/17
<b>CURRENT</b>	<b>23,072</b>	<b>24,892</b>	<b>27,323</b>
Cash and Cash equivalents	2,897	980	3,003
Trade accounts receivable	5,863	5,562	6,854
Inventories	13,193	16,430	16,035
Recoverable taxes	745	1,017	930
Related Parties	219	134	113
Other receivables	155	768	387
<b>NONCURRENT</b>	<b>27,201</b>	<b>26,556</b>	<b>26,187</b>
<b>Investments</b>			
Property, plant and equipment	14,911	14,569	14,360
Investment in subsidiaries	46	46	46
Intangible assets	12,244	11,941	11,781
<b>TOTAL ASSETS</b>	<b>50,274</b>	<b>51,448</b>	<b>53,510</b>
LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/16	06/30/17	09/30/17
<b>CURRENT</b>	<b>15,935</b>	<b>17,954</b>	<b>20,124</b>
Trade accounts payable	1,166	1,484	912
Payroll and related taxes	551	1,489	1,636
Taxes payable	157	76	94
Advances from customers	12,515	12,949	15,792
Other payables	1,447	1,708	1,582
Related Parties	98	248	107
<b>NON CURRENT</b>	<b>8,521</b>	<b>8,154</b>	<b>7,971</b>
<b>Long-term liabilities</b>	-	-	-
Loans and financing	3,659	3,382	3,243
Deferred income and social contribution taxes	4,862	4,772	4,728
<b>SHAREHOLDER'S EQUITY</b>	<b>25,818</b>	<b>25,340</b>	<b>25,415</b>
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	18,288	17,810	17,885
	-	-	-
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>50,274</b>	<b>51,448</b>	<b>53,510</b>

## B+W Income Statement

(€ 000)

	3Q16	2Q17	3Q17	9M16	9M17
<b>Net Operating Revenue</b>	<b>7,345</b>	<b>9,342</b>	<b>11,241</b>	<b>20,928</b>	<b>29,520</b>
Cost of Goods Sold	(6,332)	(7,810)	(8,712)	(17,919)	(23,548)
<b>Gross Profit</b>	<b>1,013</b>	<b>1,532</b>	<b>2,529</b>	<b>3,009</b>	<b>5,972</b>
<i>Gross Margin %</i>	<i>13.8%</i>	<i>16.4%</i>	<i>22.5%</i>	<i>14.4%</i>	<i>20.2%</i>
<b>Operating Expenses</b>	<b>(1,820)</b>	<b>(1,992)</b>	<b>(2,184)</b>	<b>(5,566)</b>	<b>(6,102)</b>
Selling expenses	(769)	(857)	(974)	(2,038)	(2,578)
General and administrative expenses	(1,051)	(1,135)	(1,210)	(3,528)	(3,524)
<b>Operating Income before Financial Results</b>	<b>(807)</b>	<b>(460)</b>	<b>345</b>	<b>(2,557)</b>	<b>(130)</b>
<i>Operating Margin %</i>	<i>-11.0%</i>	<i>-4.9%</i>	<i>3.1%</i>	<i>-12.2%</i>	<i>-0.4%</i>
<b>Financial Results, Net</b>	<b>(100)</b>	<b>(93)</b>	<b>(106)</b>	<b>(210)</b>	<b>(304)</b>
<b>Operations Operating Income</b>	<b>(907)</b>	<b>(553)</b>	<b>239</b>	<b>(2,767)</b>	<b>(434)</b>
Income tax and social contribution	262	160	(163)	831	32
<b>Net income</b>	<b>(645)</b>	<b>(393)</b>	<b>76</b>	<b>(1,936)</b>	<b>(402)</b>
<i>Net Margin %</i>	<i>-8.8%</i>	<i>-4.2%</i>	<i>0.7%</i>	<i>-9.3%</i>	<i>-1.4%</i>
<b>EBITDA</b>	<b>(287)</b>	<b>56</b>	<b>859</b>	<b>(1,200)</b>	<b>1,408</b>
Net income / loss for the period	(645)	(393)	76	(1,936)	(402)
Income tax and social contribution	(262)	(160)	163	(831)	(32)
Financial income, net	100	93	106	210	304
Depreciation and amortization	520	516	514	1,357	1,538
<i>EBITDA Margin %</i>	<i>-3.9%</i>	<i>0.6%</i>	<i>7.6%</i>	<i>-5.7%</i>	<i>4.8%</i>

Statements contained in this release related to Romi's business outlook, projections of operating and financial results, and references to the Company's growth potential are mere forecasts and have been based on Management's expectations regarding its future performance. These expectations are highly dependent upon market behavior, economic conditions in Brazil, the industry and international markets. Therefore, they are subject to changes.