



ROMI

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July 23, 2019 2Q19 Earnings Release

June 30, 2019

Share price

ROMI3 - R\$ 15.83 per share (on 07/23/2019)

Market value

R\$ 995.0 million

US\$ 266.1 million

Number of shares

Common: 62,857,647

Total: 62,857,647

Free Float = 50.8%

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July 24, 2019

Earnings Conference Call

Time: 10:30 a.m.

Dial-in numbers:

+55 (11) 3193-1070 or (11) 2820-4070

Access Code: Romi

Earnings Conference Call in English

Time: 12:00 p.m. (São Paulo)

4:00 p.m. (London)

11:00 a.m. (New York)

Dial-in numbers:

USA +1 (800) 492-3904

Brazil +55 (11) 3193-1070

Other + 1 (646) 828-8246

Access Code: Romi



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Santa Bárbara d'Oeste - SP, July 23, 2019 - Indústrias Romi S.A. ("Romi" or "Company") (B3: 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 second quarter of 2019 ("2Q19"). 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

Solid Backlog at the end of 2Q19, 21.5% higher than 2Q18

- The order backlog at the end of 2Q19 showed a growth of 21.5% compared to the backlog at the end of 2Q18, with highlights to Romi Machines and Burkhardt + Weber Machines Units, which grew by 37.2% and 18.3%, respectively;
- In the Romi Machines Unit, the order entry in 1H19 grew 12.0% compared to the same period of the previous year, due to the launch of new products and the gradual recovery of the domestic economy;
- In the B + W Machines Unit, the order entry in 1H19 increased by 28.4% in relation to the same period of the previous year, as a consequence of the launch of new products and the development of solutions to meet new segments;
- In 1H19 the Romi Machines Business Unit posted a 6.4% increase in net operating revenue in relation to 1H18 and an increase of 3.0 percentage points in gross margin, due to the higher volume of operations and the reduction of costs and expenses incurred in recent years; and
- Order entry in the Rough and Machined Cast Iron Parts, in the 2Q19 increased 28.8% compared to the 2Q18, positively impacted by the recovery of the demand for heavy casting iron parts.

R\$'000	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg.	Chg.	1H18	1H19	Chg.
Revenues Volume				2Q19/1Q19	2Q19/2Q18			1H19/1H18
Machines (units)	183	137	173	26.3%	-5.5%	327	310	-5.2%
Burkhardt + Weber (units)	4	2	8	300.0%	100.0%	7	10	42.9%
Raw and Machined Cast Iron Parts (tons)	5,453	3,567	3,836	7.6%	-29.6%	10,045	7,403	-26.3%
Net Operating Revenue	158,119	120,766	167,859	39.0%	6.2%	290,766	288,625	-0.7%
<i>Gross margin (%)</i>	26.4%	19.5%	25.6%			26.3%	23.1%	
Operating Income (EBIT)	112	56,443	(1,681)	-103.0%	-1600.9%	756	54,762	7143.7%
<i>Operating margin (%)</i>	0.1%	46.7%	-1.0%			0.3%	19.0%	
Operating Income (EBIT) - adjusted (*)	1,735	(17,878)	(1,681)	-90.6%	-196.9%	2,379	(19,559)	-922.2%
<i>Operating margin (%) - adjusted (*)</i>	1.1%	-14.8%	-1.0%			0.8%	-6.8%	
Net Income	45,443	87,301	(4,348)	-105.0%	-109.6%	47,279	82,953	75.5%
<i>Net margin (%)</i>	28.7%	72.3%	-2.6%			16.3%	28.7%	
Net Income - adjusted (*)	5,370	(18,263)	(174)	-99.0%	-103.2%	7,206	(18,437)	-355.9%
<i>Net margin (%) - adjusted (*)</i>	3.4%	-15.1%	-0.1%			2.5%	-6.4%	
EBITDA	8,346	64,705	6,688	-89.7%	-19.9%	17,238	71,393	314.2%
<i>EBITDA margin (%)</i>	5.3%	53.6%	4.0%			5.9%	24.7%	
EBITDA - adjusted (*)	9,969	(9,616)	6,688	-169.6%	-32.9%	18,861	(2,928)	-115.5%
<i>EBITDA margin (%) - adjusted (*)</i>	6.3%	-8.0%	4.0%			6.5%	-1.0%	
Investments	4,494	7,151	6,032	-15.6%	34.2%	13,115	13,183	0.5%

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

(*)

2Q18 / 1H18: The effects from the favorable outcome in the tax proceeding (Plano Verão) in which the Company claimed for the right to monetarily restate the balance sheet for the calendar year 1989 by reference to the inflation for January and February of that year and to dismiss the inflation indexes of the legislation then in force. The impacts were recorded as follows: (i) EBIT/EBITDA: reduced by R\$1,623, due to the recognition of attorney's fees, in line item "Other operating income (expenses), net"; profit for the period: increased by the impact from the net gain of R\$40,073, already including the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in April 2018, as per the Shareholder Notice dated April 17, 2018.

1Q19: As described in the "Success in Legal Proceedings" section of this report, the Company recognized in the financial statements of 1Q19 the effects of the favorable final decision on the tax proceeding (judicial proceeding on the exclusion of ICMS from the PIS and COFINS tax base). As a result, The impacts were recorded as follows: (i) EBIT/EBITDA: due to the recognition of the original value of the legal proceedings, increase to R\$ 138,008, before taxes, of which R\$ 74,321 recorded in line item "Other operating income (expenses)" and R\$ 63,686 in line item "Finance income". The impact on the profit for the period was R\$105,564, already considering the effects of income tax and social contribution on the gain, which was reduced by the use of the interest on capital, proposed in March 2019, as per the Shareholder Notice dated March 26, 2019.

2Q19: The Company reviewed the calculations referring to the recognition of the favorable outcome in the tax proceeding, Plano Verão, recognized in the financial statements of 2Q18. The impacts were recorded as follows in the 1H19: profit for the period: reduced by the impact from the reversal of the gain of R\$4,174, already including the effects of income tax and social contribution on the gain.

1H19: The sum of the amounts mentioned above, in 1Q19 and 2Q19, is recognized in 1H19.

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 B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, Computerized Numerical Control (CNC) 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.

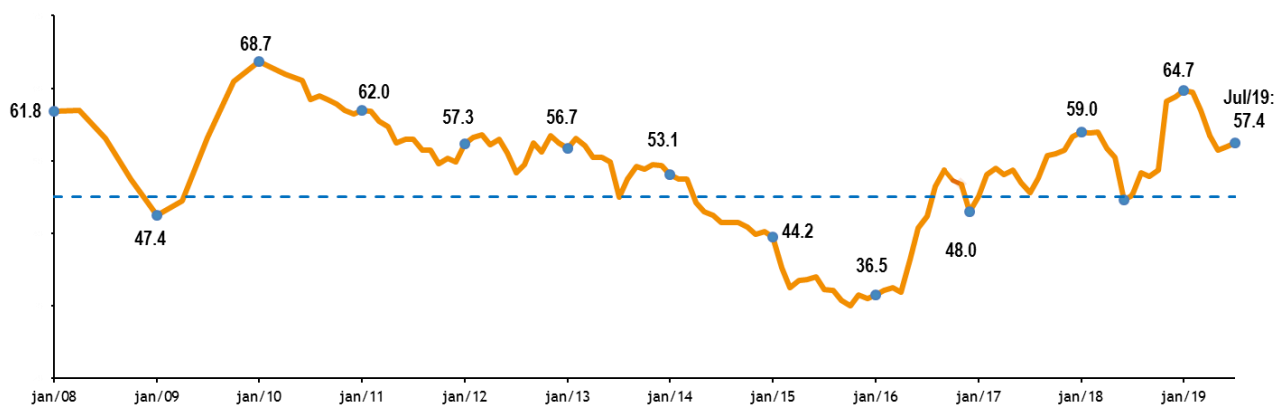
The Company has thirteen manufacturing units, four of which for final assembly of industrial machinery, two foundries, four units for machining of mechanical components, two units for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, eleven are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 2,900 units and 50,000 tons per year.

Current Economic Scenario

2019 began with the continuity of the economic recovery and, mainly, with a good level of optimism in the industry. Some macroeconomic data also continue to indicate recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. This improvement in macroeconomic data begins to materialize in the Romi Machines business unit, which, faced with a more stable scenario, encourages customers to resume their investments.

In July 2019, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 57.4, a level that shows the evolution of the index in 2019 when compared to the previous three years, in line with the gradual resumption of the economy.

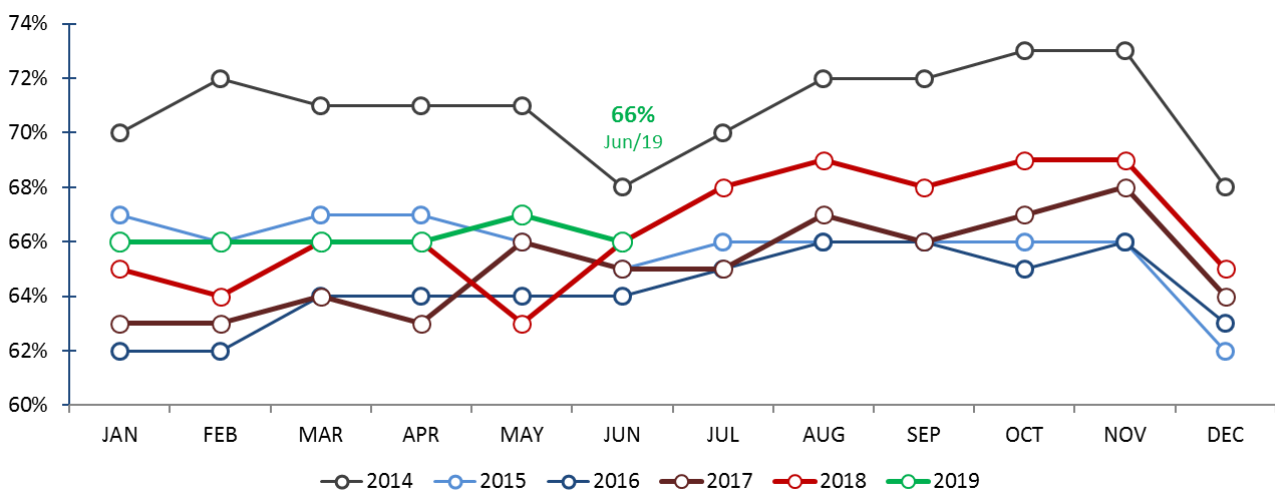
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI - ICEI, July 2019

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), has consolidated at an important growth level, when compared to the last years, showing an important recovery of the Brazilian economy.

Average Installed Capacity Utilization (UCI)



Source: CNI - UCI, June 2019

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. Over the past few years we have made several optimizations, especially in indirect structures. We reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since 2017. Strategically, we have defined the launching of new product generations as a priority, and the first lines are already successful in the domestic and international markets. This gives us great confidence that we are very well prepared for the rekindling of the domestic economy.

Market

The Company's main leading edges in the market; namely, products with cutting-edge technology, own nationwide distribution network, own ongoing technical assistance, availability of attractive customer credit facilities in local currency, and short product delivery times, are all recognized by customers, giving the ROMI® brand name a traditional and prestigious reputation.

Order Entry (R\$ 000) Gross Values, sales taxes included	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 19/18
Romi Machines	119,045	71,956	116,053	61.3%	-2.5%	167,909	188,009	12.0%
Burkhardt+Weber Machines	22,270	32,199	41,396	28.6%	85.9%	57,335	73,595	28.4%
Rough and Machined Cast Iron Parts	51,668	37,078	66,560	79.5%	28.8%	115,157	103,638	-10.0%
Total *	192,983	141,233	224,008	58.6%	16.1%	340,401	365,241	7.3%

* The order entry figures do not include parts and services.

The order entry volume in the Romi Machines Unit in 1H19 showed a growth of 12.0% compared to 1H18, chiefly due to the growth of orders in the domestic market, demonstrating that in 2019 the continuing economic recovery and a good level of optimism are observed, which encourages investments.

In the German subsidiary B+W, order entry continues to demonstrate consistency in the volume of new businesses, due to the launch of new products and the development of solutions to serve new segments. In 1H19, the volume of new orders was 28.4% higher when compared with 1H18, resulting in a portfolio 18.3% higher than that presented at the end of the second quarter of 2018.

The Raw and Machined Cast Iron Parts Unit presented 28.8% higher order entry in 2Q19 than in 2Q18, demonstrating the beginning of the recovery of large cast iron parts.

Order Backlog (R\$ 000) Gross Values, sales taxes included	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18
Romi Machines	97,848	96,324	134,252	39.4%	37.2%
Burkhardt+Weber Machines	154,944	187,107	183,251	-2.1%	18.3%
Rough and Machined Cast Iron Parts	60,325	50,100	62,930	25.6%	4.3%
Total *	313,118	333,531	380,433	14.1%	21.5%

* The order entry figures do not include parts and services.

At June 30, 2019, the order backlog totaled R\$ 380.4 million, amount 21.5% higher than in the same period last year.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 2Q19 reached R\$ 167.9 million, 6.2% higher than in 2Q18 and 39.0% higher than in 1Q19.

By Business Unit

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 19/18
Romi Machines	77,840	68,919	79,738	15.7%	2.4%	139,753	148,657	6.4%
Burkhardt+Weber Machines	29,681	17,716	52,408	195.8%	76.6%	58,758	70,124	19.3%
Raw and Machined Cast Iron Parts	50,598	34,131	35,713	4.6%	-29.4%	92,255	69,844	-24.3%
Total	158,119	120,766	167,859	39.0%	6.2%	290,766	288,625	-0.7%

Romi Machines

The net operating revenue of this Business Unit reached R\$ 79.7 million in 2Q19, posting an increase of 2.4% when compared to the same period in 2018, reflecting the gradual economic recovery started in 2018.

Burkhardt + Weber Machines

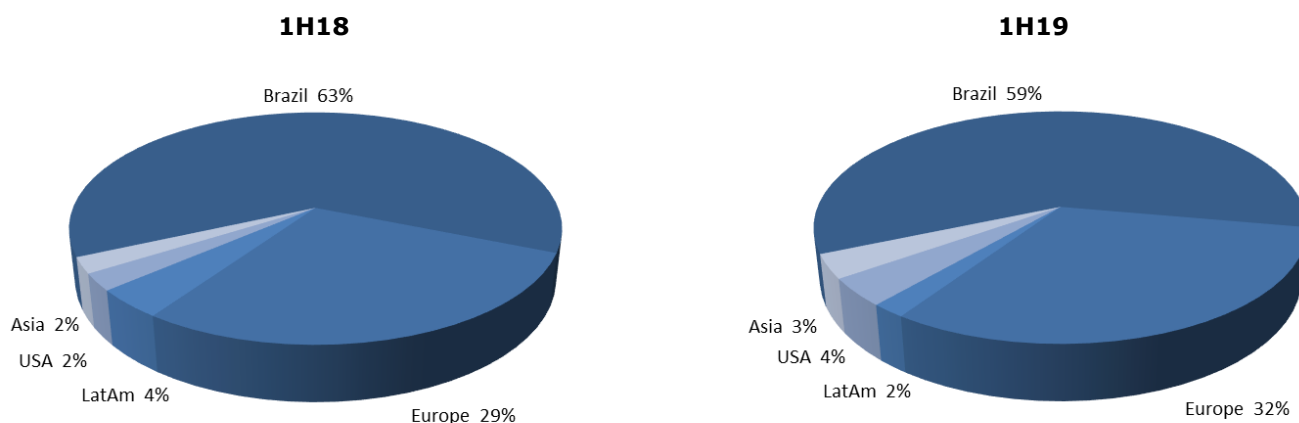
In 2Q19, revenue of the German subsidiary B + W, in Reais, was 76.6% higher than in 2Q18, due to the good volume of new businesses generated in the last periods.

Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R\$ 35.7 million in 2Q19, representing a 29.4% decrease compared to 2Q18, chiefly due to the reduction in the volume of large raw and machined cast iron parts.

By Geographic Region

The domestic market accounted for 59% of Romi's consolidated revenue in 1H19 (63% in 1H18). Considering the revenue obtained in foreign markets, which takes into account sales by Romi's subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets, the distribution of Romi's consolidated revenue by geographic region was the following:



The following shows the revenue in foreign markets, in Reais (R\$) and in US dollars:

Foreign Sales	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
Net Sales (R\$ million)	56.5	40.4	78.4	93.8%	38.6%	108.6	118.8	9.4%
Net Sales (US\$ million)	14.7	10.7	20.1	87.0%	36.8%	30.3	30.8	1.5%

OPERATING COSTS AND EXPENSES

The gross margin of 25.8% obtained in 2Q19 decreased by 0.6 pp in relation to 2Q18, and the operating margin (EBIT) presented a reduction of 1.1 pp in the same period, due to the lower volume of revenues in the Raw and Machined Cast Iron Parts unit.

Gross Margin	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
Romi Machines	39.3%	40.4%	41.0%	0.6	1.7	37.7%	40.7%	3.0
Burkhardt+Weber Machines	6.0%	-18.2%	12.4%	30.6	6.4	11.6%	4.7%	(7.0)
Raw and Machined Cast Iron Parts	18.5%	-3.1%	10.8%	13.8	(7.7)	18.4%	4.0%	(14.4)
Total	26.4%	19.5%	25.6%	6.1	(0.7)	26.3%	23.1%	(3.2)

EBIT Margin	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
Romi Machines	3.4%	77.1%	3.7%	(73.5)	0.2	1.8%	37.7%	35.9
Burkhardt+Weber Machines	-20.2%	-67.0%	-5.2%	61.8	15.0	-14.5%	-20.8%	(6.3)
Raw and Machined Cast Iron Parts	6.8%	44.4%	-5.3%	(49.7)	(12.1)	7.3%	19.0%	11.7
Total	0.1%	46.7%	-1.0%	(47.7)	(1.1)	0.3%	19.0%	18.7

EBIT Margin - Adjusted	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. p.p. 2Q19/1Q19	Chg. p.p. 2Q19/2Q18	1H18	1H19	Chg. pp 1H19/1H18
Romi Machines	5.5%	-0.5%	3.7%	4.2	(1.8)	3.0%	1.7%	(1.3)
Burkhardt+Weber Machines	-20.2%	-67.0%	-5.2%	61.8	15.0	-14.5%	-20.8%	(6.3)
Raw and Machined Cast Iron Parts	6.8%	-16.5%	-5.3%	11.3	(12.1)	7.3%	-10.8%	(18.1)
Total	1.1%	-14.8%	-1.0%	13.8	(2.1)	0.8%	-6.8%	(7.6)

Romi Machines

The gross margin of this Business Unit in 2Q19 increased by 1.7 pp when compared to 2Q18 due to the focus the Company has adopted on profitability improvement projects. Operating margin (EBIT) also increased by 0.2 pp over the same comparison period.

Burkhardt + Weber Machines

In this Business Unit, gross and operating margins in 2Q19 increased by 6.4 pp and 15.0 pp, respectively, in relation to 2Q18, due to the 76.6% increase in net operating revenue.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 2Q19 decreased by 7.7 pp in 2Q19 in relation to 2Q18, due to the decrease in net operating revenue in this quarter and the change in the product mix with reduction of larger parts. In the same comparison period, the operating margin decreased by 12.1 pp for the reasons mentioned above.

EBITDA AND EBITDA MARGIN

In 2Q19, the operating cash generation as measured by EBITDA amounted to R\$ 6.7 million, representing an EBITDA margin of 4.0% in the quarter, as indicated in the following table:

Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
Net Income	45,443	87,302	(4,348)	-105.0%	-109.6%	47,279	82,953	75.5%
Income tax and social contributions	(7,696)	30,498	194	-99.4%	-102.5%	(7,707)	30,692	-498.2%
Net Financial Income	(37,635)	(61,357)	2,473	-104.0%	-106.6%	(38,816)	(58,883)	51.7%
Depreciation and amortization	8,234	8,262	8,369	1.3%	1.6%	16,482	16,631	0.9%
EBITDA	8,346	64,705	6,688	-89.7%	-19.9%	17,238	71,393	314.2%
EBITDA Margin	5.3%	53.6%	4.0%	(0.93)	(0.25)	5.9%	24.7%	3.17
EBITDA - Adjusted (*)	9,969	(9,616)	6,688	-169.6%	-32.9%	18,861	(2,928)	-115.5%
EBITDA Margin - Adjusted (*)	6.3%	-8.0%	4.0%	(1.50)	(0.37)	6.5%	-1.0%	(1.16)
Total Net Operating Revenue	158,119	120,766	167,859	39.0%	6.2%	290,766	288,625	-0.7%

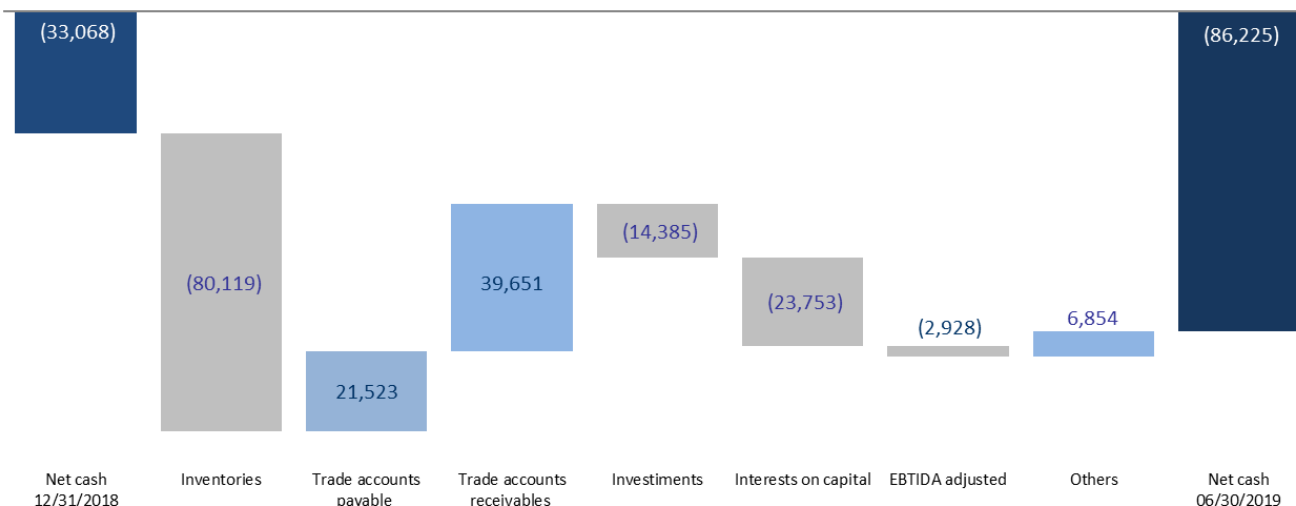
(*) As described in the highlights of this report.

RESULT FOR THE PERIOD

The result in 2Q19 was a negative R\$ 4.4 million, impacted by the effect of the revision of the calculation referring to the gain in the success of the fiscal process called Plano Verão, in the amount of R\$ 4.2 million. Disregarding this effect, adjusted for 2Q19 was a negative R\$ 0.2 million.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 1H19 are described below in R\$'000:



"Investment" balances are net of the impacts recognized in accordance with IFRS 16 - Leases.

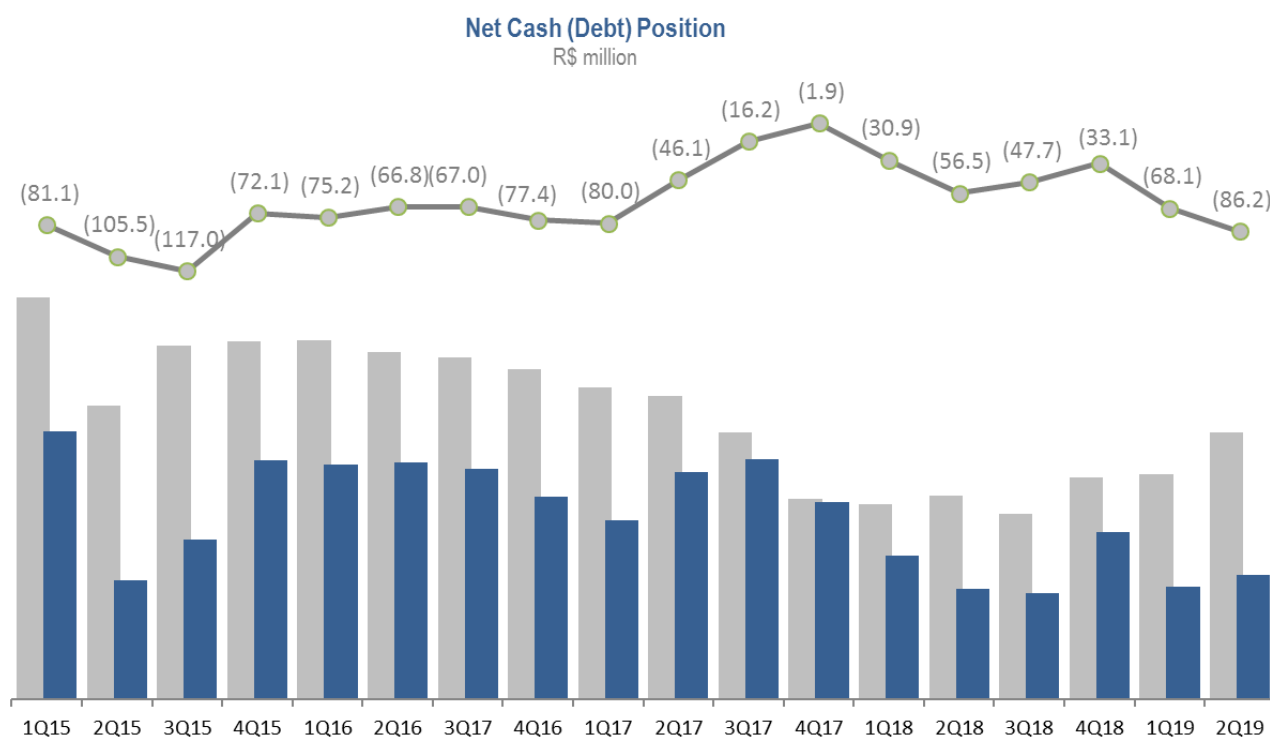
Net debt growth in 2Q19 is due to the following main aspects:

- Increase in inventory level due to higher volume of purchases in order to ensure adequate availability of products for customers and fulfillment of the order backlog, which presented a significant growth compared to December 2018;
- Payment of interest on capital proposed in April 2018 and paid in March 2019, in the total net amount of R\$ 23.8 million; and
- Investments made during 1H19, most of them for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. The other investments were allocated in part to maintenance as well as to improve productivity, flexibility and competitiveness of the other industrial units, all of them pursuant to the investment plan already scheduled for the year.

Financial Position

Short-term financial investments, including those backed by debentures, are made with prime financial institutions with low credit risk and their yield is mainly pegged to the Interbank Certificate of Deposit (CDI). The consolidated net cash (debt) position at June 30, 2019 was negative R\$86.2 million.

The Company's borrowings are used mainly in investments for the modernization of the industrial facilities, research and development of new products and financing of exports and imports. At June 30, 2019, the amount of financing in local currency was R\$ 21.4 million, and in foreign currency, R\$ 140.0 million, totaling R\$161.4 million.



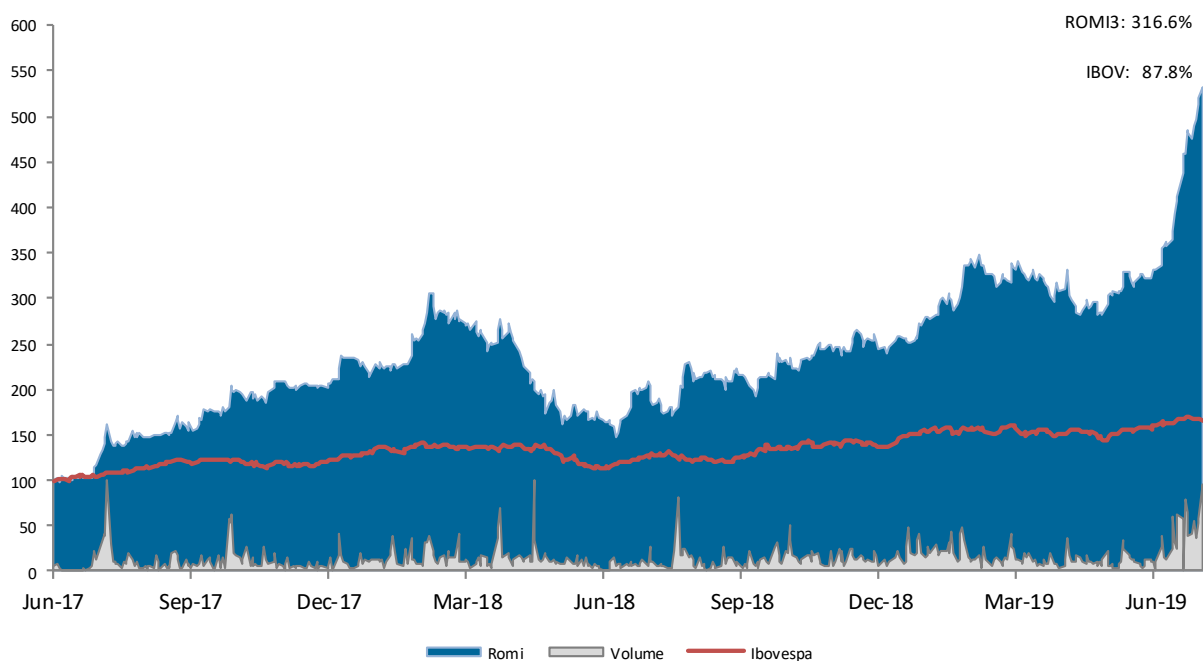
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

At June 30, 2019, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 06/30/2017 to 07/22/2019



Source: B3.

On July 22, 2019, the Company's common shares (ROMI3), which were quoted at R\$15.83, posted appreciation of 87.8% since December 31, 2018 and 316.6% since June 30, 2017. Ibovespa recorded appreciation of 18.3% and 65.3% in the same periods.

The Company's market capitalization on July 22, 2019 was R\$995.0 million. The average daily trading volume during 2Q19 was R\$1.2 million.

Success in Legal Proceeding

EXCLUSION OF ICMS LEVIED ON SALES FROM THE PIS AND COFINS TAX BASE

As disclosed in note 14 of the Quarterly Information for the first quarter of 2019, on October 24, 2006, the Company filed a claim in which it questioned the constitutionality of the inclusion of ICMS (state tax) on sales in the PIS and COFINS (federal taxes) tax base, as well as the repetition of such tax overpayment retroactively for 5 (five) years.

The Company, on March 13, 2019, obtained a favorable final outcome on its individual ordinary lawsuit about the matter. As a consequence of such final outcome on its individual lawsuit, the then present obligation arising from a past event was no longer considered an obligation and therefore, the Company recognized in the financial statements for the first quarter of 2019 the effects of success in this judicial proceeding, which totaled R\$138,008, before taxes, of which R\$74,321 was recorded in "Other operating income (expenses), and R\$63,868 in "Financial income". The impact on net profit for the period was R\$105,564, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of the interest on capital, proposed in March 2019, according to the Shareholder Notice dated March 26, 2019.

Consolidated Balance Sheet

(R\$ 000)

	ASSETS			LIABILITIES AND SHAREHOLDER'S EQUITY			
	06/30/18	12/31/18	03/31/19	06/30/18	12/31/18	03/31/19	06/30/19
CURRENT	641,680	697,357	786,334	351,410	362,752	409,957	438,013
Cash and Cash equivalents	66,455	100,428	67,512	83,414	102,547	107,295	134,808
Financial investments	475	489	659	52,074	63,326	65,772	69,354
Trade accounts receivable	128,819	168,213	133,094	61,648	44,261	60,959	65,784
Onlending of FINAME manufacturer financing	78,705	87,482	88,431	31,475	27,504	25,563	31,540
Inventories	326,354	300,547	346,931	4,362	7,847	21,619	5,226
Recoverable taxes	26,600	25,267	43,012	75,744	71,466	84,490	86,076
Judicial Deposits	-	-	86,579	42,693	45,801	44,259	45,225
Other receivables	14,272	14,931	20,116				
				144,719	181,732	185,045	185,240
NON CURRENT	189,919	209,430	223,097	40,006	31,438	28,964	26,649
Trade accounts receivable	13,476	13,618	12,341	70,201	116,278	118,759	121,474
Onlending of FINAME manufacturer financing	84,925	128,584	126,406	33,500	31,786	31,133	30,825
Recoverable taxes	28,267	18,998	52,292	792	2,100	2,061	1,352
Deferred income and social contribution taxes	50,762	43,948	27,597	220	130	4,128	4,940
Judicial Deposits	2,119	2,110	2,126				
Other receivables	10,370	2,172	2,335				
				676,671	695,977	752,124	746,986
SHAREHOLDER'S EQUITY				492,025	492,025	492,025	492,025
Capital				139,131	160,218	217,929	213,524
Retained earnings				45,515	43,734	42,170	41,437
Cumulative translation adjustments							
				1,535	1,626	1,504	1,562
NON CONTROLLING INTERESTS							
TOTAL SHAREHOLDER'S EQUITY				678,206	697,603	753,628	748,548
				1,174,335	1,242,087	1,348,630	1,371,801
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY							
ASSETS	1,174,335	1,242,087	1,348,630	1,174,335	1,242,087	1,348,630	1,371,801
Investments							
Property, Plant and Equipment	264,617	258,921	264,842				263,560
Investment Properties	18,602	18,398	18,398				18,398
Intangible assets	59,517	57,981	55,959				54,561

Consolidated Income Statement
(R\$ thousand)

	2Q18	1Q19	2Q19	Chg. 2Q19/1Q19	Chg. 2Q19/2Q18	1H18	1H19	Chg. 1H19/1H18
Net Operating Revenue	158,119	120,766	167,859	39.0%	6.2%	290,766	288,625	-0.7%
Cost of Goods Sold	(116,394)	(97,215)	(124,818)	-45.2%	7.2%	(214,282)	(222,033)	3.6%
Gross Profit	41,725	23,551	43,041	-66.0%	3.2%	76,484	66,592	-12.9%
<i>Gross Margin %</i>	<i>26.4%</i>	<i>19.5%</i>	<i>25.6%</i>			<i>26.3%</i>	<i>23.1%</i>	
Operating revenues (expenses)	(41,613)	32,892	(44,722)	-183.4%	7.5%	(75,728)	(11,830)	-84.4%
Selling expenses	(18,053)	(18,558)	(20,615)	-16.0%	14.2%	(34,206)	(39,173)	14.5%
Research and development expenses	(4,544)	(4,760)	(5,748)	4.0%	26.5%	(8,427)	(10,508)	24.7%
General and administrative expenses	(15,468)	(17,435)	(17,289)	15.8%	11.8%	(28,835)	(34,724)	20.4%
Management profit sharing and compensation	(2,179)	(1,498)	(1,555)	-26.6%	-28.6%	(3,635)	(3,053)	-16.0%
Other operating income, net	(1,369)	75,143	485	1642.2%	-135.4%	(625)	75,628	-12200.5%
Operating Income (loss) before Financial Results	112	56,443	(1,681)	88.9%	-1600.9%	756	54,762	7143.7%
<i>Operating Margin %</i>	<i>0.1%</i>	<i>46.7%</i>	<i>-1.0%</i>			<i>0.3%</i>	<i>19.0%</i>	
Financial Results, Net	37,635	61,356	(2,473)	2557.3%	-106.6%	38,816	58,883	51.7%
Financial income	36,793	63,825	(510)	2864.5%	-101.4%	40,271	63,315	57.2%
Financial expenses	(2,471)	(1,176)	(1,133)	-28.5%	-54.1%	(5,072)	(2,309)	-54.5%
Exchange gain (loss), net	3,313	(1,293)	(830)	-171.8%	-125.1%	3,617	(2,123)	-158.7%
Operations Operating Income	37,747	117,799	(4,154)	265.9%	-111.0%	39,572	113,645	187.2%
Income tax and social contribution	7,696	(30,498)	(194)	173.5%	-102.5%	7,707	(30,692)	-498.2%
Net income	45,443	87,301	(4,348)	314.9%	-109.6%	47,279	82,953	75.5%
<i>Net Margin %</i>	<i>28.7%</i>	<i>72.3%</i>	<i>-2.6%</i>			<i>16.3%</i>	<i>28.7%</i>	
Net profit (loss) concerning:								
Controlling interests	45,401	87,253	(4,406)	317.2%	-109.7%	47,200	82,848	75.5%
Non controlling interests	42	47	58	-63.3%	38.1%	79	105	32.9%
EBITDA	8,346	64,705	6,688	69.3%	-19.9%	17,238	71,393	314.2%
Profit (loss) for the period	45,443	87,301	(4,348)	314.9%	-109.6%	47,279	82,953	75.5%
Income tax and social contribution	(7,696)	30,498	194	173.5%	-102.5%	(7,707)	30,692	-498.2%
Financial result, net	(37,635)	(61,356)	2,473	2557.3%	-106.6%	(38,816)	(58,883)	51.7%
Depreciation and amortization	8,234	8,262	8,369	-0.8%	1.6%	16,482	16,631	0.9%
<i>EBITDA Margin %</i>	<i>5.3%</i>	<i>53.6%</i>	<i>4.0%</i>			<i>5.9%</i>	<i>24.7%</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\$	0.72	1.39	(0.07)	317.2%	-109.7%	0.75	1.32	75.2%

Consolidated Cash Flow Statement

(R\$ thousand)

	2Q18	1Q19	2Q19	1H18	1H19
Cash from operating activities					
Net Income before taxation	37,747	117,798	(4,153)	39,572	113,645
Financial expenses and exchange gain	(35,598)	(60,409)	1,800	(35,150)	(58,609)
Depreciation and amortization	8,234	8,262	8,369	16,482	16,631
Allowance for doubtful accounts and other receivables	582	(3,297)	130	(155)	(3,167)
Proceeds from sale of fixed assets and intangibles	754	(238)	(205)	70	(443)
Provision for inventory realization	5	1,363	(1,098)	(834)	265
Reserve for contingencies	2	(56,746)	(458)	1,555	(57,204)
Change on operating assets and liabilities					
Financial Investments	12,469	(170)	(9)	13,195	(179)
Trade accounts receivable	(2,127)	36,996	3,914	916	40,910
Onlending of Finame manufacturer financing	(3,046)	(1,288)	(6,010)	8,691	(7,298)
Inventories	(54,030)	(47,746)	(32,637)	(84,532)	(80,383)
Recoverable taxes, net	(41,324)	(8,802)	19,937	(43,645)	11,135
Judicial deposits	(553)	8,540	(1,092)	(1,685)	7,448
Other receivables	32,704	1,556	2,085	33,435	3,641
Trade accounts payable	12,432	15,001	4,943	26,096	19,944
Payroll and related taxes	4,640	(2,097)	6,590	3,030	4,493
Taxes payable	9,005	(18,409)	(16,308)	6,557	(34,717)
Advances from customers	22,833	13,024	1,586	19,232	14,610
Other payables	559	(6,492)	7,602	(455)	1,110
Cash provided by (used in) operating activities	5,288	(3,154)	(5,014)	2,375	(8,168)
Income tax and social contribution paid	(243)	(2,772)	(587)	(522)	(3,359)
Net Cash provided by (used in) operating activities	5,045	(5,926)	(5,601)	1,853	(11,527)
Purchase of fixed assets	(4,363)	(7,157)	(12,910)	(13,163)	(20,067)
Sales of fixed assets	208	269	351	977	620
Increase in intangible assets	(2,119)	(581)	(1)	(2,127)	(582)
Net cash Used in Investing Activities	(6,274)	(7,469)	(12,560)	(14,313)	(20,029)
Interest on capital paid	382	(23,922)	-	(7,923)	(23,922)
New loans and financing	11,507	13,967	37,065	17,079	51,032
Payments of loans and financing	(9,512)	(10,083)	(11,225)	(18,948)	(21,308)
Interests paid (including Finame manufacturer financing)	(5,177)	(4,830)	(7,045)	(10,131)	(11,875)
New loans in Finame manufacturer	11,925	20,459	23,989	23,689	44,448
Payment of Finame manufacturer financing	(14,972)	(15,377)	(17,631)	(29,708)	(33,008)
Net Cash provided by (used in) Financing Activities	(5,847)	(19,786)	25,153	(25,942)	5,367
Increase (decrease) in cash and cash equivalents	(7,076)	(33,181)	6,992	(38,402)	(26,189)
Exchange variation changes on cash and cash equivalents abroad	(557)	265	60	(825)	325
Cash and cash equivalents - beginning of period	74,088	100,428	67,512	105,682	100,428
Cash and cash equivalents - end of period	66,455	67,512	74,564	66,455	74,564

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 2Q19

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	79,738	52,408	35,713	167,859
Cost of Sales and Services	(39,978)	(45,912)	(38,928)	(124,818)
Business Units Transfers	851	-	7,908	8,759
Business Units Transfers	(7,908)	-	(851)	(8,759)
Gross (loss) Profit	32,703	6,496	3,842	43,041
<i>Gross Margin %</i>	<i>41.0%</i>	<i>12.4%</i>	<i>10.8%</i>	<i>25.6%</i>
Operating Expenses	(29,789)	(9,204)	(5,729)	(44,722)
Selling	(16,483)	(2,884)	(1,248)	(20,615)
General and Administrative	(8,403)	(6,320)	(2,566)	(17,289)
Research and Development	(4,315)	-	(1,433)	(5,748)
Management profit sharing	(1,073)	-	(482)	(1,555)
Other operating revenue	485	-	-	485
Operating Income (loss) before Financial Results	2,913	(2,707)	(1,887)	(1,681)
<i>Operating Margin %</i>	<i>3.7%</i>	<i>-5.2%</i>	<i>-5.3%</i>	<i>-1.0%</i>
Operating loss before Financial Results - Adjusted (*)	2,913	(2,707)	(1,887)	(1,681)
<i>Operating Margin % - Adjusted (*)</i>	<i>3.7%</i>	<i>-5.2%</i>	<i>-5.3%</i>	<i>-1.0%</i>
Depreciation and amortization	2,817	2,412	3,140	8,369
EBITDA	5,730	(295)	1,253	6,688
<i>EBITDA Margin %</i>	<i>7.2%</i>	<i>-0.6%</i>	<i>3.5%</i>	<i>4.0%</i>
EBITDA - Adjusted (*)	5,730	(295)	1,253	6,688
<i>EBITDA Margin % - Adjusted (*)</i>	<i>7.2%</i>	<i>-0.6%</i>	<i>3.5%</i>	<i>4.0%</i>

Income Statement by Business Units - 2Q18

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	77,840	29,681	50,598	158,119
Cost of Sales and Services	(40,383)	(27,888)	(48,124)	(116,395)
Business Units Transfers	931	-	7,820	8,751
Business Units Transfers	(7,820)	-	(931)	(8,751)
Gross Profit	30,568	1,793	9,363	41,724
<i>Gross Margin %</i>	<i>39.3%</i>	<i>6.0%</i>	<i>18.5%</i>	<i>26.4%</i>
Operating Expenses	(27,907)	(7,790)	(5,915)	(41,612)
Selling	(14,438)	(2,417)	(1,198)	(18,053)
General and Administrative	(6,419)	(5,373)	(3,676)	(15,468)
Research and Development	(4,544)	-	-	(4,544)
Management profit sharing	(1,138)	-	(1,041)	(2,179)
Other operating revenue	(1,367)	-	-	(1,367)
Operating Income before Financial Results	2,661	(5,997)	3,448	112
<i>Operating Margin %</i>	<i>3.4%</i>	<i>-20.2%</i>	<i>6.8%</i>	<i>0.1%</i>
Operating loss before Financial Results - Adjusted (*)	4,284	(5,997)	3,448	1,735
<i>Operating Margin % - Adjusted (*)</i>	<i>5.5%</i>	<i>-20.2%</i>	<i>6.8%</i>	<i>1.1%</i>
Depreciation and amortization	3,159	1,838	3,237	8,234
EBITDA	5,820	(4,159)	6,685	8,346
<i>EBITDA Margin %</i>	<i>7.5%</i>	<i>-14.0%</i>	<i>13.2%</i>	<i>5.3%</i>
EBITDA - Adjusted (*)	7,443	(4,159)	6,685	9,969
<i>EBITDA Margin % - Adjusted (*)</i>	<i>9.6%</i>	<i>-14.0%</i>	<i>13.2%</i>	<i>6.3%</i>

Income Statement by Business Units - 1H19

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	148,657	70,124	69,844	288,625
Cost of Sales and Services	(74,983)	(66,854)	(80,196)	(222,033)
Business Units Transfers	1,268	-	14,416	15,684
Business Units Transfers	(14,416)	-	(1,268)	(15,684)
Gross Profit	60,526	3,270	2,796	66,592
<i>Gross Margin %</i>	<i>40.7%</i>	<i>4.7%</i>	<i>4.0%</i>	<i>23.1%</i>
Operating Expenses	(4,467)	(17,842)	10,479	(11,830)
Selling	(30,980)	(5,574)	(2,619)	(39,173)
General and Administrative	(17,474)	(12,268)	(4,982)	(34,724)
Research and Development	(8,707)	-	(1,801)	(10,508)
Management profit sharing	(2,124)	-	(929)	(3,053)
Other operating revenue	54,818	-	20,810	75,628
Operating Income before Financial Results	56,059	(14,572)	13,275	54,762
<i>Operating Margin %</i>	<i>37.7%</i>	<i>-20.8%</i>	<i>19.0%</i>	<i>19.0%</i>
Operating loss before Financial Results - Adjusted (*)	2,548	(14,572)	(7,535)	(19,559)
<i>Operating Margin % - Adjusted (*)</i>	<i>1.7%</i>	<i>-20.8%</i>	<i>-10.8%</i>	<i>-6.8%</i>
Depreciation and amortization	5,656	4,810	6,165	16,631
EBITDA	61,715	(9,762)	19,440	71,393
<i>EBITDA Margin %</i>	<i>41.5%</i>	<i>-13.9%</i>	<i>27.8%</i>	<i>24.7%</i>
EBITDA - Adjusted (*)	8,204	(9,762)	(1,370)	(2,928)
<i>EBITDA Margin % - Adjusted (*)</i>	<i>5.5%</i>	<i>-13.9%</i>	<i>-2.0%</i>	<i>-1.0%</i>

Income Statement by Business Units - 1H18

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	139,753	58,758	92,255	290,766
Cost of Sales and Services	(77,862)	(51,924)	(84,496)	(214,282)
Business Units Transfers	1,871	-	11,085	12,956
Business Units Transfers	(11,085)	-	(1,871)	(12,956)
Gross Profit	52,677	6,834	16,973	76,484
<i>Gross Margin %</i>	<i>37.7%</i>	<i>11.6%</i>	<i>18.4%</i>	<i>26.3%</i>
Operating Expenses	(50,126)	(15,335)	(10,267)	(75,728)
Selling	(27,514)	(4,595)	(2,097)	(34,206)
General and Administrative	(11,619)	(10,740)	(6,476)	(28,835)
Research and Development	(8,427)	-	-	(8,427)
Management profit sharing	(1,941)	-	(1,694)	(3,635)
Other operating revenue	(625)	-	-	(625)
Operating Income before Financial Results	2,551	(8,501)	6,706	756
<i>Operating Margin %</i>	<i>1.8%</i>	<i>-14.5%</i>	<i>7.3%</i>	<i>0.3%</i>
Operating loss before Financial Results - Adjusted (*)	4,174	(8,501)	6,706	2,379
<i>Operating Margin % - Adjusted (*)</i>	<i>3.0%</i>	<i>-14.5%</i>	<i>7.3%</i>	<i>0.8%</i>
Depreciation and amortization	6,334	3,532	6,616	16,482
EBITDA	8,883	(4,969)	13,322	17,238
<i>EBITDA Margin %</i>	<i>6.4%</i>	<i>-8.5%</i>	<i>14.4%</i>	<i>5.9%</i>
EBITDA - Adjusted (*)	10,508	(4,969)	13,322	18,861
<i>EBITDA Margin % - Adjusted (*)</i>	<i>7.5%</i>	<i>-8.5%</i>	<i>14.4%</i>	<i>6.5%</i>

Attachment II - Financial Statements of B + W

Balance Sheet B+W

	(€ 000)			
ASSETS	06/30/18	12/31/18	03/31/19	06/30/19
CURRENT	25,828	26,223	28,462	29,934
Cash and Cash equivalents	511	1,136	774	160
Trade accounts receivable	5,878	11,925	7,051	9,121
Inventories	17,644	12,069	18,215	18,063
Recoverable taxes	874	-	907	253
Deferred income and social contribution taxes	-	80	940	1,112
Related Parties	99	877	170	243
Other receivables	823	136	404	982
Investments				
Property, plant and equipment	14,889	14,579	14,539	14,247
Investment in subsidiaries	59	59	59	59
Intangible assets	12,993	12,868	12,611	12,354
TOTAL ASSETS	53,769	53,729	55,670	56,594
LIABILITIES AND SHAREHOLDER'S EQUITY	06/30/18	12/31/18	12/31/18	06/30/19
CURRENT	21,620	21,650	25,820	27,459
Loans and financing	1,500	2,349	2,249	2,499
Trade accounts payable	3,133	3,216	4,232	4,047
Payroll and related taxes	1,647	894	1,406	1,682
Taxes payable	-	9	315	801
Advances from customers	13,515	12,425	15,600	15,955
Other payables	1,173	2,143	1,338	1,519
Related Parties	651	614	681	957
NON CURRENT	7,612	7,054	6,871	6,688
Loans and financing	2,828	2,551	2,412	2,274
Deferred income and social contribution taxes	4,784	4,504	4,459	4,414
SHAREHOLDER'S EQUITY	24,537	25,025	22,979	22,448
Capital	7,025	7,025	7,025	7,025
Capital reserve	505	505	505	505
Profit reserve	17,007	17,495	15,449	14,918
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	53,769	53,729	55,670	56,594

B+W Income Statement

	(€ 000)				
	2Q18	1Q19	2Q19	1H18	1H19
Net Operating Revenue	6,912	4,120	11,883	14,126	16,003
Cost of Goods Sold	(6,514)	(4,887)	(10,411)	(12,489)	(15,298)
Gross Profit (loss)	398	(767)	1,472	1,637	705
<i>Gross Margin %</i>	<i>5.8%</i>	<i>-18.6%</i>	<i>12.4%</i>	<i>11.6%</i>	<i>4.4%</i>
Operating Expenses	(1,815)	(2,019)	(2,092)	(3,707)	(4,112)
Selling expenses	(562)	(629)	(655)	(1,108)	(1,285)
General and administrative expenses	(1,253)	(1,390)	(1,437)	(2,599)	(2,827)
Operating Income before Financial Results	(1,417)	(2,786)	(620)	(2,070)	(3,407)
<i>Operating Margin %</i>	<i>-20.5%</i>	<i>-67.6%</i>	<i>-5.2%</i>	<i>-14.7%</i>	<i>-21.3%</i>
Financial Results, Net	(69)	(121)	(76)	(180)	(197)
Operations Operating Income	(1,486)	(2,907)	(696)	(2,250)	(3,604)
Income tax and social contribution	399	861	165	588	1,026
Net income	(1,087)	(2,046)	(531)	(1,662)	(2,578)
<i>Net Margin %</i>	<i>-15.7%</i>	<i>-49.7%</i>	<i>-4.5%</i>	<i>-11.8%</i>	<i>-16.1%</i>
EBITDA	(880)	(2,243)	(98)	(1,218)	(2,343)
Net income / loss for the period	(1,087)	(2,046)	(531)	(1,662)	(2,578)
Income tax and social contribution	(399)	(861)	(165)	(588)	(1,026)
Financial income, net	69	121	76	180	197
Depreciation and amortization	537	543	522	852	1,064
<i>EBITDA Margin %</i>	<i>-12.7%</i>	<i>-54.5%</i>	<i>-0.8%</i>	<i>-8.6%</i>	<i>-14.6%</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 situation in Brazil, the industry and international markets. Therefore, they are subject to changes.