



December 31, 2016

Share Price

ROMI3 - R\$ 3.60 per share (on 02/06/2017)

Market capitalization

R\$226.3 million \$72.6 million

Number of shares

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

Free Float = 45.7%

Investor Relations Contact

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February 8, 2017

Earnings Conference Call

Time: 11:00 am Dial-in numbers:

+55 (11) 3193-1001 or (11) 2820-4001

Access code: Romi

Earnings Conference Call in English

Time: 1:00 pm (São Paulo) 3:00 pm (London) 10:00 am (New York)

Dial-in numbers:

USA +1 (786) 924-6977

Brazil +55 (11) 3193-1001 Other +1 (888) 700-0802

Access code: Romi







Santa Bárbara d'Oeste - SP, February 7, 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 fourth quarter of 2016 ("4Q16"). 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

Revenues of Raw and Machined Cast Iron Parts grew 53.8% in 2016 over 2015

- EBITDA in 4Q16 was negative by R\$12.6 million, impacted by the effects of the structure reorganization, which amounted to R\$12.4 million.
- In 2016, compared with 2015, the Raw and Machined Cast Iron Parts Business Unit posted improvements of 5.0 and 3.9 percentage points in terms of gross margin and EBITDA, respectively.
- The Company's net debt at the end of 4Q16 was R\$77.4 million, an increase of R\$5.3 million (7.3%) in 2016, impacted mainly by the disbursements related to structure reorganization, which in the year consumed about R\$17.3 million.
- The orders entry in 2016 compared with 2015 posted a growth of 27.7%, with highlights to the German subsidiary B+W and to the Raw and Machined Cast Iron Parts Business Unit, which posted a growth of 257.7% and 6.9%, respectively.

			Quarter			Accumulated			
R\$'000	4Q15*	3Q16	4Q16	Chg.	Chg.	2015	2016	Chg.	
Revenues Volume				4Q16/3Q16	4Q16/4Q15			2016/2015	
Machines (units)	199	192	214	11.5%	7.5%	777	748	-3.7%	
Burkhardt + Weber (units)	11	4	7	75.0%	-36.4%	21	17	-19.0%	
Raw and Machined Cast Iron Parts (tons)	4,109	5,845	5,174	-11.5%	25.9%	16,758	20,403	21.7%	
Net Operating Revenue	212,443	153,314	153,730	0.3%	-27.6%	606,632	586,917	-3.2%	
Gross margin (%)	23.9%	20.0%	16.2%			22.8%	19.9%	-	
Operating Income (EBIT)	31,566	(7,959)	(20,883)	162.4%	-166.2%	(2,043)	(44,434)	2075.4%	
Operating margin (%)	14.9%	-5.2%	-13.6%			-0.3%	-7.6%	-	
Net Income	23,146	(4,583)	(20,175)	340.2%	-187.2%	7,344	(39,469)	-637.4%	
Net margin (%)	10.9%	-3.0%	-13.1%			1.2%	-6.7%	-	
EBITDA	39,926	554	(12,630)	-2379.8%	-131.6%	32,402	(10,049)	-131.0%	
EBITDA margin (%)	18.8%	0.4%	-8.2%			5.3%	-1.7%	-	
Investments	5,448	13,896	3,027	-78.2%	-44.4%	16,931	25,258	49.2%	

 ${\tt EBITDA = Earnings\ before\ interest,\ taxes,\ depreciation\ and\ amortization.}$

- (i) EBITDA and profit (loss) for 4Q16 and 4Q15 are negatively impacted by the expenses on termination of employment contracts, amounting to R\$12.4 million (US\$1.1 million in 4Q15) and R\$8.4 million (US\$0.8 million in 4Q15), respectively. Moreover, EBITDA and profit for 4Q15 are positively impacted by the sale of non-strategic real estates, amounting to R\$21.9 million and R\$21 million, respectively.
- (ii) EBITDA and profit (loss) for 2016 and 2015 are negatively impacted by the expenses on termination of employment contracts, amounting to R\$17.3 million (US\$11.1 million in 2015) and R\$11.8 million (US\$7.6 million in 2015), respectively. Moreover, EBITDA and profit for 2015 are positively impacted by the sale of non-strategic real estates, amounting to R\$21.9 million and R\$21 million, respectively.

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 corporate governance. higher level of 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 are dedicated to the final assembly of industrial machinery, two foundries, three units for component machining, one unit for the manufacture of steel sheet components, and one plant for the assembly of electronic control 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 2016 was marked by poor economic activity due to the uncertainty surrounding the Brazilian market since 2014. The new Federal Government, which has demonstrated its reform intentions, as well as the new monetary policy, with more pronounced interest cuts, begins to generate some signs of a possible recovery of the Brazilian economy, which can be noticed in the confidence indexes presented below. However, this possible recovery still could not be felt in the volume of Romi's new businesses, which continues to be impacted by the scenario of uncertainties regarding the country's future.

In January 2017, the Industrial Entrepreneur Confidence Index - ICEI has reached 50.1, returning to a level similar to the beginning of 2014, as shown below:

68.7 620 61.8 57.3 56.7 53.1 50.1 Jan/17 = 50.1 47.4 36.5 jan/08 jan/09 jan/10 jan/11 jan/12 jan/13 jan/14 jan/15 jan/16 jan/17

Industrial Entrepreneur Confidence Index - ICEI

Source: CNI - ICU, January 2017.

The index of Installed Capacity Utilization – UCI for Brazilian industry in general, as released by the National Industrial Confederation – CNI, continues at quite low levels, reaching percentages similar to those for 2015, which recorded the lowest percentage of the monthly series (beginning in January 2011), demonstrating the challenging time faced by the Brazilian economy.

76% 74% 72% 70% 68% 66% 64% 63% 62% dec/16 60% JAN FEB MAR APR MAY JUN JUL AUG SEP OCT NOV DEC

-O-2011 -O-2012 -O-2013 -O-2014 -O-2015 -O-2016

Average installed capacity utilization

Source: CNI - ICEI, December 2016.

This scenario, with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels, which can be seen by the behavior of the Gross Formation of Fixed Capital, which in the first nine months of 2016, dropped 11.6%, according to the Brazilian Institute of Geography and Statistics - IBGE. This scenario is reflected in the volume of orders of Romi machinery, which in the domestic market dropped approximately 6.7%, still not showing real signs of recovery.

Over the course of 2015, the devaluation of the Brazilian Real (R\$) against the US Dollar (US\$) increased the competitiveness of local manufacturers of machinery and equipment compared with imported equipment. On the other hand, in 2016, especially since June, the Real (R\$) posted appreciation and high volatility, which aligned with the scenario of uncertainties, impaired the decision on potential plans for domestic production of parts currently imported. Such scenario also impacted export margins and the competitiveness of Romi products, which have as main competitors imported equipment, as well as in segments of the Brazilian industry that also compete with imported parts.

With this scenario of uncertainties and high volatility, Romi continues to take actions to streamline its structure and the planning and manufacturing process, and respond quickly to the volatility of demand. Therefore, with the current level of demand, in 2016 we performed additional optimizations, mainly on indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, with the objective of increasing the profitability in 2017, even in a scenario of poor economic activity.

Market

Romi's main competitive advantages in the domestic market – products with cutting-edge technology, the company's own nationwide distribution network, ongoing technical assistance, availability of attractive customer credit packages 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	4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15
Romi Machines	68,467	62,516	55,612	-11.0%	-18.8%
Burkhardt+Weber Machines	11,061	31,333	30,679	-2.1%	177.4%
Rough and Machined Cast Iron Parts	21,022	39,636	49,194	24.1%	134.0%
Total	100,551	133,485	135,485	1.5%	34.7%

2015	2016	Chg. 2016/2015
243,134	242,556	-0.2%
47,410	169,600	257.7%
196,885	210,516	6.9%
487,428	622,671	27.7%

The volume of orders placed in 4Q16 was 34.7% higher than in 4Q15, due to the following main factors: (i) growth of 177.4% in Burkhardt+Weber's order entries, which, in 4Q15, was negatively impacted by the temporary slowdown of the Chinese economy, which represents, on average, 30% of the sales of this subsidiary; and (ii) growth of 134% in order entry of the Raw and Machined Cast Iron Parts Business Unit. In this case, the variations are considered normal, because they stem mainly from large castings and machined parts, in which the orders sent by customers include supply for a longer period and, therefore, may present concentrations when analyzing shorter periods, such as quarters, for example.

In the Romi machines segment, although Brazil has shown a reduction in the investment levels in 2016, the order entry presented some stability in 2016, when compared with 2015, demonstrating that the measures to consolidate the brand and products in the foreign market have generated positive results, offsetting the reduction in demand in the domestic market.

Order Book (R\$ 000) Gross Values, sales taxes included	4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15
Romi Machines	72,647	68,180	53,339	-21.8%	-26.6%
Burkhardt+Weber Machines	75,673	130,143	125,774	-3.4%	66.2%
Rough and Machined Cast Iron Parts	95,221	82,310	72,943	-11.4%	-23.4%
Total *	243,540	280,633	252,057	-10.2%	3.5%

^{*} The orders backlog figures do not include parts, service nor resales.

As at December 31, 2016, the orders backlog amounted to R\$252.1 million, 3.5% higher than the backlog at the end of 4Q15 and 10.2% below the amount posted in 3Q16. The increase of the backlog at the end of 2016, when compared with 2015, was mainly due to the German subsidiary B+W, which in 2016 posted a growth of 257.7% in order entries as compared with 2015, due to the factors mentioned in the above paragraph.

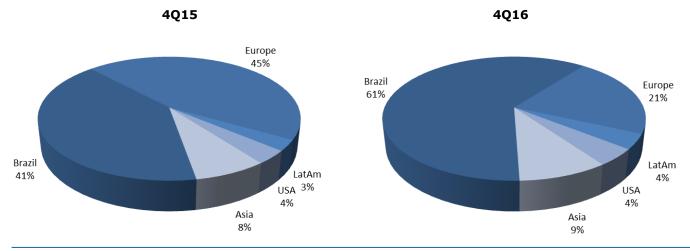
Operating Performance

NET OPERATING REVENUES

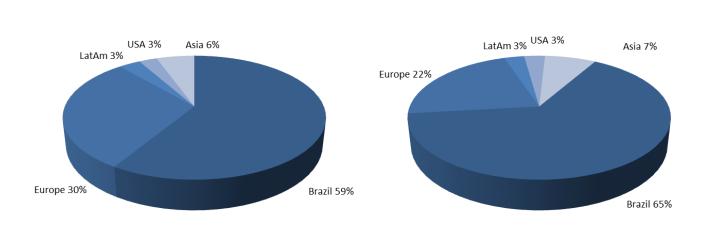
Net operating revenues posted by the Company in 4Q16 reached R\$153.7 million, 27.6% lower than in 4Q15. This reduction was represented, mainly, by the decrease of 65.9% in the B+W's revenue, due to the lower volume of order entries from China in the second half of 2015, which was reflected in the 4Q16's revenue.

			Quarter			A	ccumulate	ed
Net Operating Revenue (R\$ 000)	4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15	2014	2015	Chg 2016/2015
Romi Machines	76,091	63,951	67,197	5.1%	-11.7%	307,369	262,980	-14.4%
Burkhardt+Weber Machines	96,831	26,590	33,050	24.3%	-65.9%	163,347	114,861	-29.7%
Raw and Machined Cast Iron Parts	39,521	62,771	53,483	-14.8%	35.3%	135,916	209,074	53.8%
Total	212,443	153,312	153,730	0.3%	-27.6%	606,632	586,915	-3.3%

The domestic market accounted for 61% of Romi's consolidated revenues in 4Q16, against 41% in 4Q15. Such increase was due to the growth of the net operating revenues of the Raw and Machined Cast Iron Parts Business Unit, which refer mostly to products intended for the domestic market and the reduction of revenues from the German subsidiary B+W. Considering the revenue obtained in the foreign market, which takes into account the sales by Romi's subsidiaries abroad (Germany, United States, Italy, United Kingdom, France, Mexico and Spain), the breakdown of Romi's total revenue, by geographical region, was:



2016



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

Foreign Sales			Quarter			Ac	ccumulate	ed
	4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15	2015	2016	Chg. 2016/2015
Net Sales (R\$ million)	125.6	48.0	59.9	20.7%	47.5%	249.0	208.3	-16.3%
Net Sales (US\$ million)	32.2	14.8	18.4	33.8%	46.1%	68.0	63.1	-7.2%

Romi Machinery

The net operating revenues of this Business Unit reached R\$67.2 million in 4Q16, a decrease of 11.7% compared with 4Q15, showing that the domestic scenario is still presenting a low investment level, as well as due to the appreciation of the Brazilian Real in 2016, the foreign market's revenues were also negatively impacted.

Burkhardt+Weber Machinery

2015

In 4Q16 the revenues of the German subsidiary B+W posted a decrease of 65.9% compared with 4Q15. This was due to the increase in the Brazilian Real's exchange rate against the Euro and the decrease in order entries in the second half of 2015, due, mainly, to the slowdown in China, which impacted B+W's performance in 2016. However, we notice that B+W, at the end of 2016, has an orders backlog 66.2% higher than the backlog at the end of 2015, which demonstrates the potential for increase in profitability.

Raw and Machined Cast Iron Parts

In 4Q16, the net operating revenues of this Business Unit were R\$53.4 million, which represents an increase of 35.3% compared with 4Q15, showing a good volume of activity for this Business Unit, driven by large castings and machined parts.

OPERATING COSTS AND EXPENSES

The gross margin achieved in 4Q16, of 16.2%, was 7.7 percentage points lower than in 4Q15, impacted mainly by expenses on termination of employment contracts in the amount of R\$7.2 million (R\$\$0.6 million in 4Q15).

The operating margin (EBIT) in 4Q16 was negative 13.6%, showing a reduction of 28.5 percentage points compared with 4Q15, resulting from the following main factors: (i) expenses on the termination of employment contracts (R\$12.4 million in 4Q16 and R\$1.1 million in 4Q15); (ii) reduction of the operating margin (EBIT) of the German subsidiary B+W by 15.0 percentage points (\in 4.5 million), resulting from the

decrease in revenues volume; and (iii) sale of non-strategic real estates in 4Q15, which impacted positively the EBIT by R\$21.9 million.

			Quarter			Į.	Accumulate	ed
Gross Margin	4Q15	3Q16	4Q16	Chg. p.p. 4Q16/3Q16	Chg. p.p. 4Q16/4Q15	2015	2016	Chg. pp 2016/2015
Romi Machines	21.9%	27.5%	19.0%	(8.5)	(2.9)	30.1%	26.9%	(3.2)
Burkhardt+Weber Machines	29.1%	13.8%	22.7%	8.9	(6.4)	21.0%	16.1%	(4.9)
Raw and Machined Cast Iron Parts	15.1%	15.1%	8.6%	(6.5)	(6.5)	8.3%	13.2%	5.0
Total	23.9%	20.0%	16.2%	(3.8)	(7.7)	22.8%	19.9%	(2.8)

			Quarter			Į	Accumulated			
EBIT Margin	4Q15	3Q16	4Q16	Chg. p.p. 4Q16/3Q16	Chg. p.p. 4Q16/4Q15	2015	2016	Chg. pp 2016/2015		
Romi Machines	9.5%	-12.8%	-33.1%	(20.3)	(42.6)	-2.3%	-15.9%	(13.6)		
Burkhardt+Weber Machines	22.9%	-11.0%	7.1%	18.1	(15.8)	5.1%	-7.6%	(12.7)		
Raw and Machined Cast Iron Parts	5.6%	5.1%	-1.9%	(6.9)	(7.5)	-2.4%	3.0%	5.4		
Total	14.9%	-5.2%	-13.6%	(8.4)	(28.4)	-0.3%	-7.6%	(7.3)		

Romi Machinery

The gross margin of the Business Unit was 19.0% in 4Q16, a reduction of 2.9 percentage points when compared with 4Q15, due to: (i) expenses on the termination of employment contracts (R\$6.1 million in 4Q16 and R\$0.3 million in 4Q15); and (ii) the appreciation of the Brazilian Real (R\$), which impacted negatively the export margins.

The operating margin (EBIT margin) of this Business Unit in 4Q16 was negative 33.1%, a reduction of 42.6 percentage points when compared with 4Q15. This reduction is explained by the following main factors: (i) sale of non-strategic real estates in 4Q15, which impacted positively the EBIT by R\$21.9 million; (ii) expenses on the termination of employment contracts (R\$11.3 million in 4Q16 and R\$0.7 million in 4Q15); and (iii) the appreciation of the Brazilian Real (R\$), which impacted negatively the profitability of exports in 4Q16 by approximately US\$1.6 million.

Burkhardt+Weber Machinery

In this Business Unit, the gross margin in 4Q16 was 22.7%, a reduction of 6.4 percentage points compared with 4Q15, due to the decrease of 65.9% in the volume of sales in the same comparison period, the reason for the decrease is described in the "Net Operating Revenues" section of this report.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 4Q16 was 8.6%, a reduction of 6.5 percentage points compared with 4Q15, mainly due to recovery and compensation costs for the quality of large casting parts.

EBITDA AND EBITDA MARGIN

In 4Q16, the operating cash generation as measured by EBITDA was negative by R\$12.6 million, representing an EBITDA margin of 8.2% in the quarter, as shown in the table below:

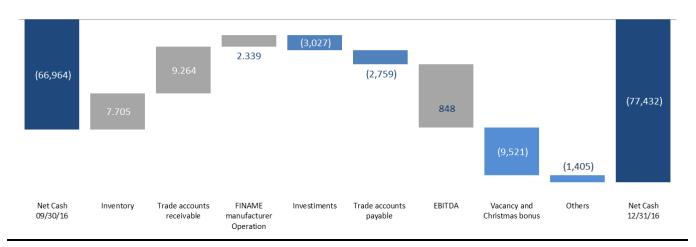
Reconciliation of Net Income to EBITDA			Quarter			Ac	cumulate	ed
(R\$ 000)	4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15	2015	2016	Chg. 2016/2015
Net Income	23,146	(4,581)	(20,175)	-4.6%	1009.2%	7,344	(39,465)	-637.3%
Income tax and social contributions	6,969	(1,833)	(2,321)	202.5%	-363.4%	1,509	(8,748)	-679.7%
Net Financial Income	1,451	(1,543)	1,613	-164.6%	-76.7%	(10,896)	3,783	-134.7%
Depreciation and amortization	8,360	8,513	8,253	-1.9%	-4.2%	34,445	34,385	-0.2%
EBITDA	39,926	556	(12,630)	-90.2%	-78.2%	32,403	(10,045)	-131.0%
EBITDA Margin	18.8%	0.4%	-8.2%	- 0.90	- 0.78	5.3%	-1.7%	- 1.32
Total Net Operating Revenue	212,443	153,312	153,732	2.2%	-0.6%	606,632	586,917	-3.2%

NET INCOME

The result was a negative R\$20.2 million in 4Q16, impacted by R\$8.4 million in expenses on the termination of employment contracts. In 2016, the result was a negative R\$39.5 million, impacted by R\$11.8 million in expenses on the termination of employment contracts

Evolution of Cash and Cash Equivalents

The main changes in the net debt position during 4Q16 are described below in R\$'000:



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

Inventories

The variation in inventories was caused mainly by the efforts and actions to reduce inventory levels in the Brazilian operation.

Trade Accounts Receivable

The decrease of R\$ 9.3 million in trade accounts receivable was due to the lower revenues in 4Q16 mainly at the Raw and Machined Cast Iron Parts Business Unit where part of the customers carry out a scheduled shutdown at the end of the year.

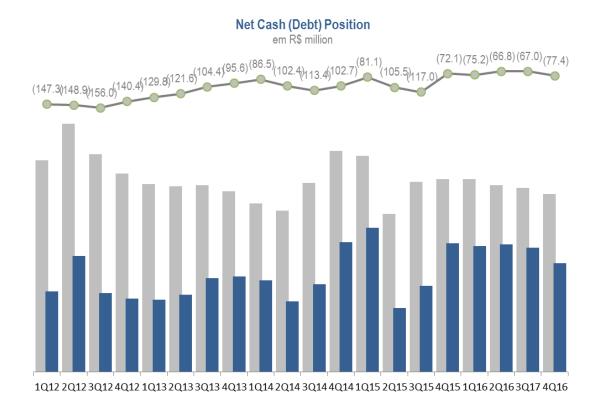
EBITDA

Cash generation as measured by EBITDA was directly affected by the expenses on the termination of employment contracts (R\$12.4 million in 4Q16).

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 position of cash and cash equivalents as at December 31, 2016 was R\$77.4 million.

The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products, and financing of exports and imports. As at December 31, 2016, the financing in local currency amounted to R\$184.0 million, and in foreign currency to R\$15.8 million, totaling R\$199.8 million.



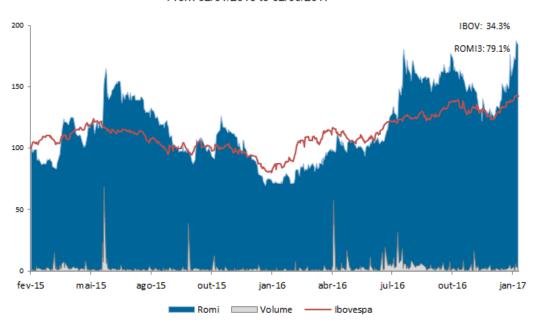
The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt.

As at December 31, 2016, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 02/01/2015 to 02/06/2017



Source: BM&FBovespa.

Consolidated Balance Sheet (R\$ 000)

ASSETS	12/31/15	09/30/16	12/31/16	LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/15	09/30/16	12/31/16
CURRENT	701,532	666,283	622,374	CURRENT	247,562	279,804	290,889
Cash and Cash equivalents	144,581	139,721	122,341	Loans and financing	45,825	68,062	99,435
Trade accounts receivable	122,126	104,848	94,216	FINAME manufacturer financing	82,785	70,501	67,177
Onlending of FINAME manufacturer financing	120,908	106,754	102,356	Trade accounts payable	28,400	37,241	34,482
Inventories	267,786	271,858	264,587	Payroll and related taxes	20,834	30,686	19,013
Recoverable taxes	22,923	24,104	24,402	Taxes payable	6,354	2,408	2,596
Other receivables	23,208	18,998	14,472	Advances from customers	37,851	52,939	53,787
				Interest on capital, dividends and participations	1,487	•	1
NONCURRENT	517,186	479,775	461,746	Other payables	24,026	17,967	14,399
Long-Term Assets	167,009	154,240	149,329				
Trade accounts receivable	8,941	10,628	11,996	NON CURRENT	298,161	239,023	191,699
Onlending of FINAME manufacturer financing	99,541	76,802	67,323	Long-term liabilities			
Recoverable taxes	1,203	919	777	Loans and financing	170,817	138,623	100,338
Deferred income and social contribution taxes	48,738	55,643	58,053	FINAME manufacturer financing	92,124	71,167	62,953
Escrow Deposits	2,627	2,690	2,115	Deferred income and social contribution taxes	32,711	27,596	25,853
Other receivables	5,959	7,558	9,065	Taxes payable	545	539	539
				Reserve for contingencies	1,459	814	1,920
Investments				Other payables	505	284	96
Property, Plant and Equipment	277,809	261,523	252,033				
Investment Property	17,000	18,008	17,538	SHAREHOLDER'S EQUITY	670,719	625,716	599,962
Intangible assets	55,368	46,004	42,846	Capital	492,025	492,025	492,025
				Capital reserve	•		
				Retained earnings	140,721	129,938	90,243
				Loss for the period	•	(19,463)	•
				Treasury shares	(5,078)		,
				Cumulative translation adjustments	43,051	23,216	17,694
				NON CONTROLLING INTERESTS	2,276	1,515	1,570
				TOTAL SHAREHOLDER'S EQUITY	672,995	627,231	601,532
TOTAL ASSETS	1,218,718	1,146,058	1,084,120	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	1,218,718	1,146,058	1,084,120

4Q16 Earnings Release - Indústrias Romi S.A.

Consolidated Income Statement

(R\$ thousand)

		4Q15	3Q16	4Q16	Chg. 4Q16/3Q16	Chg. 4Q16/4Q15	2015	2016	Chg. 2016/2015
Net Operating Revenue		212,443	153,312	153,732	0.3%	-27.6%	606,632	586,917	-3.2%
Cost of Goods Sold		(161,617)	(122,586)	(128,836)	5.1%	-20.3%	(468,605)	(469,921)	0.3%
Gross Profit		50,826	30,726	24,896	-19.0%	-51.0%	138,027	116,996	-15.2%
Gr	oss Margin %	23.9%	20.0%	16.2%			22.8%	19.9%	
Operating Expenses		(19,260)	(38,683)	(45,779)	18.3%	137.7%	(140,070)	(161,426)	15.2%
Selling expenses		(14,388)	(19,313)	(20,582)	6.6%	43.0%	(66,030)	(72,846)	10.3%
Research and development expenses		(3,973)	(4,562)	(6,282)	37.7%	58.1%	(18,235)	(19,492)	6.9%
General and administrative expenses		(22,275)	(14,198)	(16,445)	15.8%	-26.2%	(71,790)	(64,592)	-10.0%
Management profit sharing and compensation		(1,407)	(1,364)	(1,327)	-2.7%	-5.7%	(5,380)	(5,230)	-2.8%
Other operating income, net		22,783	754	(1,143)	-251.6%	-105.0%	21,365	734	-96.6%
Operating Income before Financial Results		31,566	(7,957)	(20,883)	162.4%	-166.2%	(2,043)	(44,430)	2075.2%
Operat	ing Margin %	14.9%	-5.2%	-13.6%			-0.3%	-7.6%	
Financial Results, Net		(1,451)	1,543	(1,613)	-204.5%	11.2%	10,896	(3,783)	-134.7%
Financial income	-	4,478	5,711	4,940	-13.5%	10.3%	19,212	20,773	8.1%
Financial expenses		(4,722)	(4,871)	(5,248)	7.7%	11.1%	(20,958)	(19,458)	-7.2%
Exchance gain (loss), net		(1,207)	703	(1,305)	-285.6%	8.1%	12,642	(5,098)	-140.3%
Operations Operating Income		30,115	(6,414)	(22,496)	250.7%	-174.7%	8,853	(48,213)	-644.6%
Income tax and social contribution		(6,969)	1,833	2,321	26.6%	-133.3%	(1,509)	8,748	-679.7%
Net income		23,146	(4,581)	(20,175)	340.4%	-187.2%	7,344	(39,465)	-637.3%
	Vet Margin %	10.9%	-3.0%	-13.1%			1.2%	-6.7%	
Net profit concerning:									
Controlling interests		22,277	(4,639)	(20,231)	336.1%	-190.8%	6,254	(39,695)	-734.7%
Non controlling interests		869	58	56	-3.4%	-93.6%	1,092	226	-79.3%
EBITDA		39,926	556	(12,630)	-2371.6%	-131.6%	32,403	(10,049)	-131.0%
Loss for the period		23,146	(4,581)	(20,175)	340.4%	-187.2%	7,344	(39,469)	-637.4%
Income tax and social contribution		6,969	(1,833)	(2,321)	26.6%	-133.3%	1,509	(8,748)	-679.7%
Financial income, net		1,451	(1,543)	1,613	-204.5%	11.2%	(10,896)	3,783	-134.7%
		8,360	8,513	8,253	-3.1%	-1.3%	34,445	34,385	-0.2%
Depreciation and amortization									
·	DA Margin %	18.8%	0.4%	-8.2%			5.3%	-1.7%	
·	DA Margin %	18.8% 68,758	0.4% 62,858	<i>-8.2%</i> 62,858	0.0%	-8.6%	5.3% 68,758	-1.7% 62,858	-8.6%

Consolidated Cash Flow Statement

(R\$ thousand)

	4Q15	3Q16	4Q16	2015	2016
Cash from operating activities					
Net Income	30,116	(6,415)	(22,498)	8,855	(48,217)
Financial expenses and exchange gain	(8,518)	2,718	2,526	4,741	10,102
Depreciation and amortization	8,375	8,513	8,253	34,445	34,385
Allowance for doubtful accounts and other receivables	(1,461)	(3,073)	(243)	(1,685)	(2,515)
Proceeds from sale of fixed assets and intangibles	(25,486)	(358)	1,173	(22,535)	729
Provision for inventory realization	(21,689)	(1,627)	(9,776)	(14,009)	(14,579)
Reserve for contingencies	(1,160)	(253)	4,851	(224)	4,756
Change on operating assets and liabilities					
Trade accounts receivable	16,034	1,860	9,193	30,536	24,318
Related Parties	-	-	-	2,329	-
Onlending of Finame manufacturer financing	18,094	12,142	12,914	87,274	51,537
Inventories	78,598	(3,375)	17,047	8,351	17,779
Recoverable taxes, net	(2,544)	(5,275)	(2,566)	(7,803)	(10,368)
Escrow deposits	3,439	(61)	254	(1,343)	186
Other receivables	10,655	1,525	5,261	24,561	12,763
Trade accounts payable	(10,706)	(3,427)	(2,631)	(5,160)	6,958
Payroll and related taxes	(10,039)	3,526	(11,215)	3,561	(1,102)
Taxes payable	(1,957)	1,345	1,282	5,676	(825)
Advances from customers	(30,939)	18,143	848	(3,077)	15,936
Other payables	3,411	906	(8,075)	5,668	(15,614)
Cash provided by (used in) operating activities	54,223	26,814	6,598	160,161	86,229
Income tax and social contribution paid	(196)	169	(516)	(846)	(1,049)
Net Cash provided by (used in) operating activities	54,027	26,983	6,082	159,315	85,180
Purchase of fixed assets	(5,540)	(13,896)	(2,762)	(16,927)	(24,993)
Sales of fixed assets	3,903	772	671	5,091	2,237
Increase in intangible assets	(372)	(76)	(257)	(372)	(333)
Net cash Used in Investing Activities	(2,009)	(13,200)	(2,348)	(12,208)	(23,089)
Interest on capital paid	(114)	(109)	- '	(2,157)	(2,415)
Share Repurchase	(1,164)	-	-	(5,078)	(5,705)
New loans and financing	25,609	1,898	9,076	83,704	40,151
Payments of loans and financing	(19,603)	(6,117)	(14,323)	(121,039)	(50,794)
Interests paid (including Finame manufacturer financing)	(4,966)	(5,018)	(4,819)	(22,586)	(21,026)
New loans in Finame manufacturer	12,777	13,147	7,622	64,712	41,513
Payment of Finame manufacturer financing	(27,548)	(21,074)	(19,188)	(139,824)	(86,433)
Net Cash provided by (used in) Financing Activities	(15,009)	(17,273)	(21,632)	(142,268)	(84,709)
		(0.100)	(4= 000)		(22, 5.2)
Increase (decrease) in cash and cash equivalents	37,009	(3,490)	(17,898)	4,839	(22,618)
Exchange variation changes on cash and cash equivalents abroad	11,003	6	518	(5,838)	378
Cash and cash equivalents - beginning of period	96,569	143,205	139,721	145,580	144,581
Cash and cash equivalents - end of period	144,581	139,721	122,341	144,581	122,341

Appendix I - Income Statement by Business Unit

Income Statement by Business Units - 4Q16

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	67,197	33,050	53,483	153,730
Cost of Sales and Services	(51,057)	(25,553)	(52,225)	(128,835)
Business Units Transfers	892	-	4,243	5,135
Business Units Transfers	(4,244)	-	(892)	(5,136)
Gross Profit	12,788	7,497	4,609	24,894
Gross Margin %	19.0%	22.7%	8.6%	16.2%
Operating Expenses	(35,018)	(5,152)	(5,615)	(45,785)
Selling	(17,097)	(2,099)	(1,386)	(20,258)
General and Administrative	(9,671)	(3,053)	(3,722)	(15,740)
Research and Development	(6,282)	-	-	(6,282)
Management profit sharing	(820)	-	(507)	(1,327)
Other operating revenue	(1,148)	-	-	(2,178)
Operating Income before Financial Results	(22,230)	2,345	(1,006)	(20,891)
Operating Margin %	-33.1%	7.1%	-1.9%	-13.6%
Depreciation and amortization	3,461	1,411	3,380	8,252
EBITDA	(18,769)	3,756	2,374	(12,639)
EBITDA Margin %	-27.9%	11.4%	4.4%	-8.2%

Income Statement by Business Units - 4Q15

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	76,091	96,831	39,521	212,443
Cost of Sales and Services	(58,238)	(68,635)	(34,744)	(161,617)
Business Units Transfers	707	-	1,898	2,605
Business Units Transfers	(1,899)	-	(706)	(2,605)
Gross Profit	16,660	28,196	5,969	50,824
Gross Margin %	21.9%	29.1%	15.1%	23.9%
Operating Expenses	(9,427)	(6,070)	(3,765)	(19,262)
Selling	(15,133)	(2,247)	(739)	(18,119)
General and Administrative	(12,044)	(3,823)	(2,678)	(18,545)
Research and Development	(3,973)	-	-	(3,973)
Management profit sharing	(1,059)	-	(348)	(1,407)
Other operating revenue	22,782	-	-	22,782
Operating Income before Financial Results	7,233	22,126	2,204	31,563
Operating Margin %	9.5%	22.9%	5.6%	14.9%
Depreciation and amortization	3,491	2,154	2,714	8,359
EBITDA	10,724	24,280	4,918	39,922
EBITDA Margin %	14.1%	25.1%	12.4%	18.8%

note: EBITDA and profit (loss) for 4Q16 and 4Q15 are negatively impacted by the expenses on termination of employment contracts, amounting to R\$12.4 million (US\$1.1 million in 4Q15) and R\$8.4 million (US\$0.8 million in 4Q15), respectively. Moreover, EBITDA and profit for 4Q15 are positively impacted by the sale of non-strategic real estates, amounting to R\$21.9 million and R\$21 million, respectively.

Income Statement by Business Units - 2016

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	262,982	114,861	209,074	586,917
Cost of Sales and Services	(181,169)	(96,347)	(192,405)	(469,921)
Business Units Transfers	2,826	-	13,775	16,601
Business Units Transfers	(13,775)	-	(2,826)	(16,601)
Gross Profit	70,864	18,514	27,618	116,996
Gross Margin %	26.9%	16.1%	13.2%	19.9%
Operating Expenses	(112,803)	(27,300)	(21,327)	(161,430)
Selling	(58,098)	(10,118)	(4,630)	(72,522)
General and Administrative	(32,897)	(17,181)	(14,514)	(63,886)
Research and Development	(19,492)	-	-	(19,492)
Management profit sharing	(3,047)	-	(2,183)	(5,230)
Other operating revenue	(300)	-	-	(300)
Operating Income before Financial Results	(41,939)	(8,786)	6,291	(44,434)
Operating Margin %	-15.9%	-7.6%	3.0%	-7.6%
Depreciation and amortization	14,706	6,354	13,324	34,385
EBITDA	(27,233)	(2,431)	19,615	(10,049)
EBITDA Margin %	-10.4%	-2.1%	9.4%	-1.7%

Income Statement by Business Units - 2015

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	307,369	163,347	135,916	606,632
Cost of Sales and Services	(203,705)	(129,066)	(135,834)	(468,606)
Business Units Transfers	711	-	11,846	12,556
Business Units Transfers	(11,847)	-	(710)	(12,557)
Gross Profit	92,528	34,280	11,218	138,025
Gross Margin %	30.1%	21.0%	8.3%	22.8%
Operating Expenses	(99,565)	(26,014)	(14,494)	(140,073)
Selling	(58,358)	(8,094)	(3,309)	(69,761)
General and Administrative	(40,268)	(17,920)	(9,872)	(68,060)
Research and Development	(18,235)	-	-	(18,235)
Management profit sharing	(4,067)	-	(1,313)	(5,380)
Other operating revenue	21,363	-	-	21,363
Operating Income before Financial Results	(7,037)	8,266	(3,276)	(2,047)
Operating Margin %	-2.3%	5.1%	-2.4%	-0.3%
Depreciation and amortization	16,402	7,262	10,781	34,445
EBITDA	9,365	15,528	7,505	32,398
EBITDA Margin %	3.0%	9.5%	5.5%	5.3%

Note: EBITDA and profit (loss) for 2016 and 2015 are negatively impacted by the expenses on termination of employment contracts, amounting to R\$17.3 million (US\$11.1 million in 2015) and R\$11.8 million (US\$7.6 million in 2015), respectively. Moreover, EBITDA and profit for 2015 are positively impacted by the sale of non-strategic real estates, amounting to R\$21.9 million and R\$21 million, respectively.

Appendix II – Financial Statements of B+W

Balance Sheet B+W

- 1	£	00	ነሰ
ı	T	U	JU

		(£ 000)
12/31/15	09/30/16	12/30/16
18,687	22,744	23,072
2,807	2,949	2,897
7,263	6,286	5,863
8,288	11,836	13,193
182	1,321	745
4	124	219
141	229	155
28,687	27,484	27,201
	-	-
	-	-
15,742	15,071	14,911
24	46	46
12,922	12,367	12,244
47,374	50,228	50,274
	18,687 2,807 7,263 8,288 182 4 141 28,687 15,742 24 12,922	18,687 22,744 2,807 2,949 7,263 6,286 8,288 11,836 182 1,321 4 124 141 229 28,687 27,484 - - - - 15,742 15,071 24 46 12,922 12,367

LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/15	09/30/16	12/30/16
CURRENT	11,341	15,767	15,935
Loans and financing	958	-	-
Trade accounts payable	1,205	1,183	1,166
Payroll and related taxes	492	960	551
Taxes payable	409	71	157
Advances from customers	6,048	11,970	12,515
Other payables	2,146	1,476	1,447
Related Parties	82	107	98
NON CURRENT	8,459	8,932	8,521
Long-term liabilities			
Loans and financing	3,418	4,025	3,659
Deferred income and social contribution taxes	5,041	4,907	4,862
SHAREHOLDER'S EQUITY	27,574	25,529	25,818
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Accumulated defict	20,044	17,999	18,288
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	47,374	50,228	50,274

B+W Income Statement

(€ 000)

					(€ 000)
	3Q15	2Q16	3Q16	2015	2016
Net Operating Revenue	9,176	8,531	7,345	39,980	30,288
Cost of Goods Sold	(8,097)	(6,725)	(6,332)	(31,921)	(25,266)
Gross Profit	1,079	1,806	1,013	8,059	5,022
Gross Margin %	11.8%	21.2%	13.8%	20.2%	16.6%
Operating Expenses	(1,933)	(1,712)	(1,820)	(7,032)	(7,020)
Selling expenses	(776)	(604)	(769)	(2,075)	(2,631)
General and administrative expenses	(1,157)	(1,108)	(1,051)	(4,957)	(4,389)
Operating Income before Financial Results	(854)	94	(807)	1,028	(1,998)
Operating Margin %	-9.3%	1.1%	-11.0%	2.6%	-6.6%
Financial Results, Net	(72)	(80)	(100)	(341)	(268)
Operations Operating Income	(926)	14	(907)	687	(2,266)
Income tax and social contribution	267	(4)	262	(469)	510
Net income	(659)	10	(645)	218	(1,756)
Net Margin %	-7.2%	0.1%	-8.8%	0.5%	-5.8%
EBITDA	(223)	618	(287)	2,991	82
Net income / loss for the period	(659)	10	(645)	218	(1,756)
Income tax and social contribution	(267)	4	(262)	469	(510)
Financial income, net	72	80	100	341	268
Depreciation and amortization	631	524	520	1,963	2,080
EBITDA Margin %	-2.4%	7.2%	-3.9%	7.5%	0.3%

Statements contained in this release related to the Company'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.