



## October 25, 2016 3Q16 Earnings Release

### September 30, 2016

**Share price**

ROMI3 - R\$2.92 per share

**Market capitalization**

R\$183.5 million

US\$56.6 million

**Number of shares**

Common: 62,857,647

Total: 62,857,647

**Free Float = 45.7%**

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### October 26, 2016

**Meeting with APIMEC analysts -SP**

Time: 5:00 pm (São Paulo)

Place: Blue Tree Faria Lima

Av. Brig. Faria Lima, 3.989

Transmitted by webcast,  
with access link at [www.romi.com](http://www.romi.com)

**Earnings Conference Call in English**

Time: 11:00 a.m. (São Paulo)

13:00 p.m. (London)

9:00 a.m. (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, October 25, 2016 – Indústrias Romi S.A. ("Romi" or "Company") (BM&FBovespa: 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 2016 ("3Q16"). 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 53.3% in 3Q16 over 3Q15

- EBITDA in 3Q16 was positive by R\$0.6 million, mainly due to the performance of the Raw and Machined Cast Iron Parts Business Unit.
- In 3Q16, compared with 3Q15, the Raw and Machined Cast Iron Parts Business Unit posted improvements of 3.0 and 1.9 percentage points in terms of gross margin and EBITDA, respectively.
- The Company's net debt at the end of 3Q16 was R\$67.0 million, a decrease of 7.1% in the first nine months of 2016.
- The order entry of the German subsidiary B+W in 9M16 compared with 9M15 grew by 282.2%.
- The order entry of the Romi Machines Business Unit in 9M16, when compared with 9M15, posted a 7.0% increase.

R\$'000	Quarter					Accumulated		
	3Q15	2Q16	3Q16	Chg. 3Q16/2Q16	Chg. 3Q16/3Q15	9M15	9M16	Chg. 2015/2014
<b>Revenues Volume</b>								
Machines (units)	164	172	192	11.6%	17.1%	578	534	-7.6%
Burkhardt + Weber (units)	6	3	4	33.3%	-33.3%	10	10	0.0%
Raw and Machined Cast Iron Parts (tons)	4,956	5,145	5,845	13.6%	17.9%	12,649	15,229	20.4%
<b>Net Operating Revenue</b>	<b>154,248</b>	<b>150,063</b>	<b>153,312</b>	<b>2.2%</b>	<b>-0.6%</b>	<b>394,189</b>	<b>433,185</b>	<b>9.9%</b>
Gross margin (%)	22.3%	23.4%	20.0%			22.1%	21.3%	-
<b>Operating Income (EBIT)</b>	<b>(6,336)</b>	<b>(3,018)</b>	<b>(7,957)</b>	<b>163.7%</b>	<b>25.6%</b>	<b>(33,608)</b>	<b>(23,549)</b>	<b>-29.9%</b>
Operating margin (%)	-4.1%	-2.0%	-5.2%			-8.5%	-5.4%	-
<b>Net Income</b>	<b>(413)</b>	<b>(4,800)</b>	<b>(4,581)</b>	<b>-4.6%</b>	<b>1009.2%</b>	<b>(15,801)</b>	<b>(19,292)</b>	<b>22.1%</b>
Net margin (%)	-0.3%	-3.2%	-3.0%			-4.0%	-4.5%	-
<b>EBITDA</b>	<b>2,546</b>	<b>5,659</b>	<b>556</b>	<b>-90.2%</b>	<b>-78.2%</b>	<b>(7,523)</b>	<b>2,586</b>	<b>-134.4%</b>
EBITDA margin (%)	1.7%	3.8%	0.4%			-1.9%	0.6%	-
<b>Investments</b>	<b>4,135</b>	<b>5,910</b>	<b>13,896</b>	<b>135.1%</b>	<b>236.1%</b>	<b>11,483</b>	<b>22,231</b>	<b>93.6%</b>

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

To manage its business, the Company is organized into three business units, on which the Company's segment reporting is based. In order to reflect the Company's recent organizational changes, segment reporting now considers the following three reportable segments: Romi Machinery, Burkhardt+Weber Machinery and Raw and Machined Cast Iron Parts (formerly the segments were: machine tools, plastic injectors and cast and machined products).

## 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.

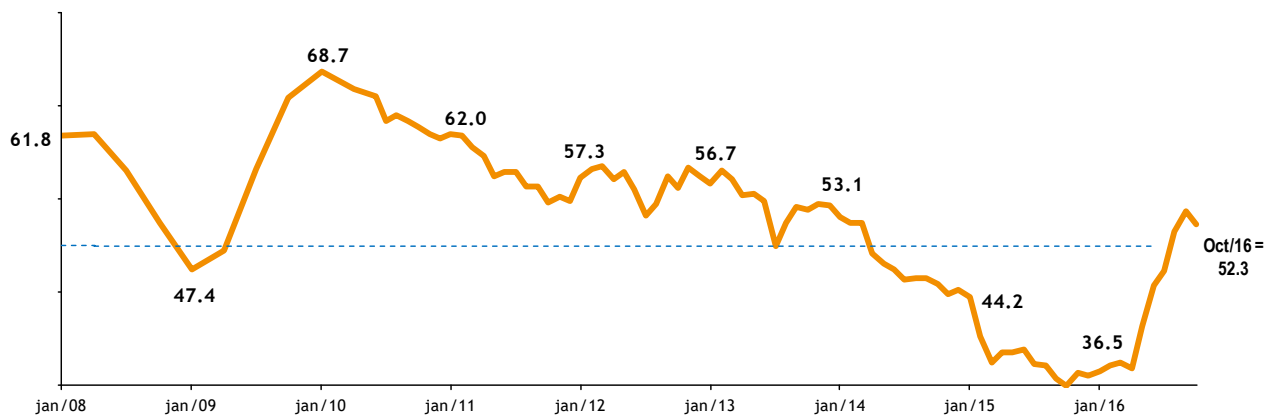
The Company has eleven manufacturing units, four of which are dedicated to the final assembly of industrial machinery, two foundries, three units for component machining, one unit for the manufacture of steel sheet components, and one plant for the assembly of electronic control panels. Of these, nine 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 first nine months of 2016 continue showing poor economic activity due to the uncertainty surrounding the market since 2014. The impeachment process concluded this quarter, as well as the intentions of reforms and the new monetary policy are beginning to show some signs of a possible recovery of the Brazilian economy, which can be seen in the confidence indexes below. However, this possible recovery could not yet be felt on Romi's new business volume, which is still being impacted by the scenario of uncertainties regarding the country's future.

In October 2016, the Industrial Entrepreneur Confidence Index – ICEI reached 52.3, returning to the level similar to that at the end of 2014, as shown below:

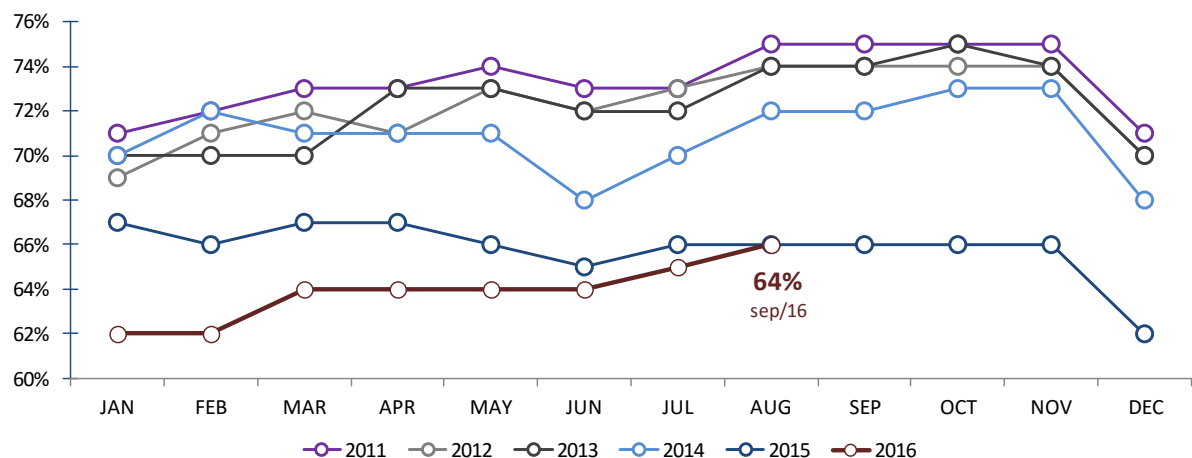
**Industrial Entrepreneur Confidence Index – ICEI**



Source: CNI – UCI, October 2016.

The index of Installed Capacity Utilization – UCI for Brazilian industry in general, as released by the National Industrial Confederation – CNI, in spite of the slight improvement in the third quarter of 2016, 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.

**Average installed capacity utilization**



Source: CNI – ICEI, September 2016.



This scenario, with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels.

Although there have been some improvements in the indexes shown above, in real terms little has been noted as regards investment levels in Brazil, which continue very low. This scenario impacts Romi machinery order volume, which in the domestic market remains stable, not yet showing real signs of recovery.

Over the course of 2015, the depreciation 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, may impair the decision on potential plans for domestic production of parts currently imported. Such scenario may impact 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. Reducing production leadtimes, optimizing indirect structures, contract reduction projects, and investments in automation are a few examples of these actions.

The Company is aware of the enormous short-term challenges and opportunities, but confident that the actions mentioned above allow keeping inventories at regular normal levels and default level under control, as well as generating positive operating cash flow. We are committed to maintaining appropriate debt and cash levels, allowing that in a year of recession, efforts can be focused on capturing opportunities, aimed at sustainability and the recovery of medium- and long-term profitability.

## 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	3Q15	2Q16	3Q16	Chg. 3Q16/2Q16	Chg. 3Q16/3Q15	9M15	9M16	Chg. 2016/2015
Romi Machines	66,483	65,471	62,516	-4.5%	-6.0%	174,666	186,943	7.0%
Burkhardt+Weber Machines	15,254	98,630	31,333	-68.2%	105.4%	36,349	138,922	282.2%
Rough and Machined Cast Iron Parts	77,263	69,251	39,636	-42.8%	-48.7%	175,862	161,322	-8.3%
<b>Total</b>	<b>159,000</b>	<b>233,351</b>	<b>133,485</b>	<b>-42.8%</b>	<b>-16.0%</b>	<b>386,878</b>	<b>487,185</b>	<b>25.9%</b>

The volume of orders placed in 3Q16 was 16.0% lower than in 3Q15, due to the lower volume of order entry of the Raw and Machined Cast Iron Parts. This variation is considered normal since it derives mainly from large raw and machined cast iron parts, where orders sent by the customers include supply for a longer period and, therefore, are concentrated in certain quarters.

In the Romi Machinery segment, although Brazil has posted decrease in investment levels in 2016, the order entry remained steady, showing that the actions to consolidate the brand and its products have generated positive results.

<b>Order Book (R\$ 000)</b>	<b>3Q15</b>	<b>2Q16</b>	<b>3Q16</b>	<b>Chg. 3Q16/2Q16</b>	<b>Chg. 3Q16/3Q15</b>
<b>Gross Values, sales taxes included</b>					
Romi Machines	71,493	77,706	68,180	-12.3%	-4.6%
Burkhardt+Weber Machines	140,736	129,325	130,143	0.6%	-7.5%
Rough and Machined Cast Iron Parts	118,133	110,363	82,310	-25.4%	-30.3%
<b>Total *</b>	<b>330,362</b>	<b>317,394</b>	<b>280,633</b>	<b>-11.6%</b>	<b>-15.1%</b>

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

As at September 30, 2016, the order backlog totaled R\$280.6 million, 11.6% lower than the portfolio at the end of 2Q16 and 15.1% lower than in 3Q15.

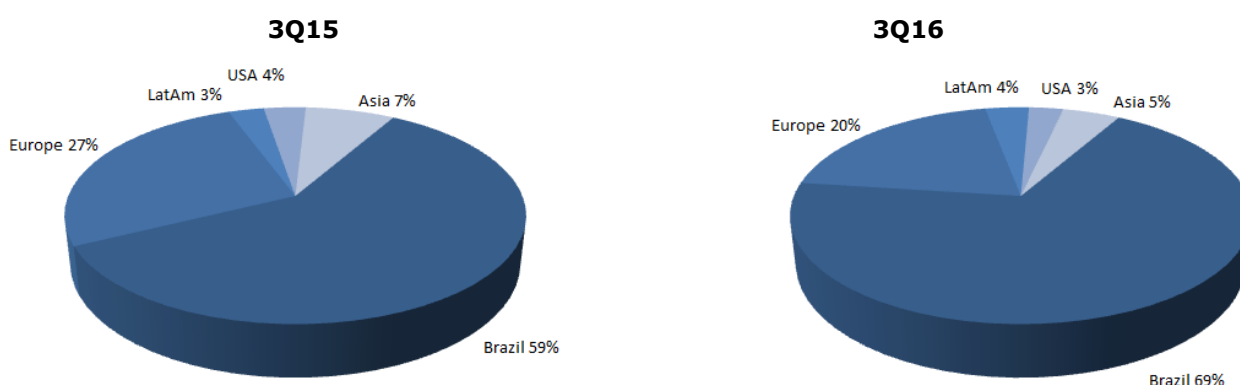
## Operating Performance

### NET OPERATING REVENUES

Net operating revenues posted by the Company in 3Q16 reached R\$153.3 million, up 2.2% over 2Q16, due to the higher revenues of the Raw and Machined Cast Iron Parts Business Unit, which posted a 20.0% revenue grow in the same period.

	Quarter					Accumulated		
<b>Net Operating Revenue (R\$ 000)</b>	<b>3Q15</b>	<b>2Q16</b>	<b>3Q16</b>	<b>Chg. 3Q16/2Q16</b>	<b>Chg. 3Q16/3Q15</b>	<b>9M15</b>	<b>9M16</b>	<b>Chg 2016/2015</b>
Romi Machines	74,102	64,259	63,951	-0.5%	-13.7%	231,278	195,783	-15.3%
Burkhardt + Weber Machines	39,212	33,494	26,590	-20.6%	-32.2%	66,516	81,811	23.0%
Raw and Machined Cast Iron Parts	40,934	52,310	62,771	20.0%	53.3%	96,395	155,591	61.4%
<b>Total</b>	<b>154,248</b>	<b>150,063</b>	<b>153,312</b>	<b>2.2%</b>	<b>-0.6%</b>	<b>394,189</b>	<b>433,185</b>	<b>9.9%</b>

The domestic market accounted for 69% of Romi's consolidated revenue in 3T16. Considering the revenue obtained in the foreign market, which takes into account 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:



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

Foreign Sales	Quarter					Accumulated		
	3Q15	2Q16	3Q16	Chg. 3Q16/2Q16	Chg. 3Q16/3Q15	9M15	9M16	Chg. 2016/2015
Net Sales (R\$ million)	59.7	54.9	48.0	-12.5%	-19.5%	123.4	148.4	20.2%
Net Sales (US\$ million)	15.0	17.1	14.8	-13.5%	-1.5%	35.8	44.7	24.7%

### Romi Machinery

The net operating revenues of this Business Unit reached R\$64.0 million in 3Q16, a decrease of 13.7% compared with 3Q15 and 0.5% in relation to 2Q16, showing that the domestic scenario is still presenting low investment level.

### Burkhardt+Weber Machinery

In 3Q16 the revenues of the German subsidiary B+W posted a decrease of R\$12.6 million (32.2%) compared with 3Q15. The produced machines have differentiated features since they are large, with high and personalized technology, and do not have a defined seasonality.

Moreover, the slowdown of the Chinese economy, large consumer market of the Burkhardt+Weber machinery, occurred in 2015 impacted the order entry of this subsidiary in 2016.

### Raw and Machined Cast Iron Parts

In 3Q16, the net operating revenues of this Business Unit were R\$62.8 million, which represents an increase of 53.3% compared with 3Q15 and 20.0 over 2Q16, due to the large raw and machined cast iron parts.

## OPERATING COSTS AND EXPENSES

The grow margin obtained in 3Q16, of 20.0%, was 2.3 percentage points lower than in 3Q15. Both the B+W machinery and the Raw and Machined Cast Iron Parts segments posted increases (2.0 and 3.0 p.p., respectively) when comparing the same period.

	Quarter					Accumulated		
	3Q15	2Q16	3Q16	Chg. p.p. 3Q16/2Q16	Chg. p.p. 3Q16/3Q15	9M15	9M16	Chg. pp 16/15
<b>Gross Margin</b>								
Romi Machines	33.5%	30.1%	27.5%	(2.6)	(6.0)	32.8%	29.7%	(3.1)
Burkhardt + Weber Machines	11.8%	21.0%	13.8%	(7.3)	2.0	9.1%	13.5%	4.3
Raw and Machined Cast Iron Parts	12.1%	16.7%	15.1%	(1.6)	3.0	5.4%	14.8%	9.3
<b>Total</b>	<b>22.3%</b>	<b>23.4%</b>	<b>20.0%</b>	<b>(3.4)</b>	<b>(2.3)</b>	-	-	-

	Quarter					Accumulated		
	3Q15	2Q16	3Q16	Chg. p.p. 3Q16/2Q16	Chg. p.p. 3Q16/3Q15	9M15	9M16	Chg. pp 16/15
<b>EBIT Margin</b>								
Romi Machines	-5.4%	-10.6%	-12.8%	(2.2)	(7.4)	-6.2%	-10.1%	(3.9)
Burkhardt + Weber Machines	-8.0%	0.8%	-11.0%	(11.8)	(3.0)	-20.8%	-13.6%	7.2
Raw and Machined Cast Iron Parts	1.9%	6.8%	5.1%	(1.7)	3.1	-5.7%	4.7%	10.4
<b>Total</b>	<b>-4.1%</b>	<b>-2.0%</b>	<b>-5.2%</b>	<b>(3.2)</b>	<b>(1.1)</b>	-	-	-

**Romi Machinery**

The gross margin of this Business Unit was 27.5% in 3Q16, a decrease of 6.0% percentage points when compared with 3Q15, for the following reasons: (i) the 13.7% decrease in net operating revenues; (ii) the mix of products, with a larger share of the semi-new machines in 3Q16; and (iii) the appreciation of the Real, which impacted negatively the export margins.

The operating margin (EBIT margin) of this Business Unit in 3Q16 was negative (12.8%), 7.4 percentage points lower than in 3Q15.

**Burkhardt+Weber Machinery**

The operating margin of this Business Unit in 3Q16 was negative (11.0%), 3.0 percentage points lower than in 3Q15, due to the decreased revenues.

**Raw and Machined Cast Iron Parts**

The gross margin of this Business Unit in 3Q16 was 15.1%, an improvement of 3.0 percentage points compared with 3Q15, due to the increase in revenues, which was positively impacted by the higher demand of the large raw and machined cast iron parts segment. Such increase in revenues, allied with an improvement of the gross margin, allowed the operating margin in 3T16 to reach 5.1%, 3.2 percentage points over 3Q15.

**EBITDA AND EBITDA MARGIN**

In 3Q16, the operating cash generation as measured by EBITDA was positive (R\$0.6 million), representing an EBITDA margin of 0.4% in the quarter, as shown in the table below:

Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	3Q15	2Q16	3Q16	Chg. 3Q16/2Q16	Chg. 3Q16/3Q15	9M15	9M16	Chg. 16/15
<b>Net Income</b>	(413)	(4,800)	(4,581)	-4.6%	1009.2%	(15,801)	(19,292)	22.1%
Income tax and social contributions	696	(606)	(1,833)	202.5%	-363.4%	(5,460)	(6,427)	17.7%
Net Financial Income	(6,619)	2,387	(1,543)	-164.6%	-76.7%	(12,347)	2,170	-117.6%
Depreciation and amortization	8,882	8,677	8,513	-1.9%	-4.2%	26,085	26,132	0.2%
<b>EBITDA</b>	2,546	5,658	556	-90.2%	-78.2%	(7,523)	2,585	-134.4%
<b>EBITDA Margin</b>	1.7%	3.8%	0.4%	-	0.90 -	-1.9%	0.6%	-131.3%
<b>Total Net Operating Revenue</b>	<b>154,248</b>	<b>150,063</b>	<b>153,312</b>	<b>2.2%</b>	<b>-0.6%</b>	<b>394,189</b>	<b>433,185</b>	<b>9.9%</b>

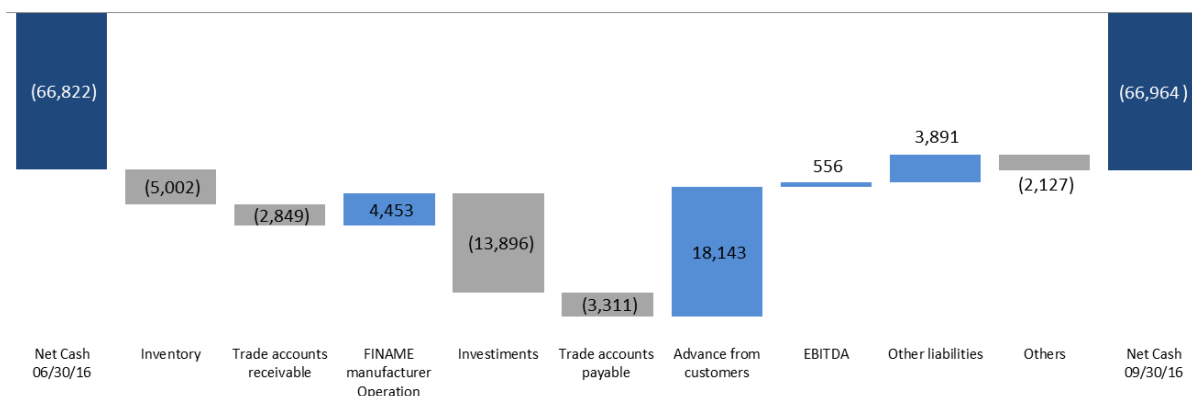
**NET INCOME**

Loss for 3Q16 was R\$4.6 million.



## Changes in Cash and Cash Equivalents

The main changes in the net debt position during 3Q16 are described below in R\$'000:



The balances of Finame Manufacturer Financing are used to calculate the Company's net debt.

### Advances from customers

The increase in the volume of advances from customers is mainly due to the advances received relating to the orders of the German subsidiary B+W in the second and third quarters of this year, as commented along this report.

### Inventories

The variation in inventories was caused mainly by the increase in production in progress of the German subsidiary Burkhardt+Weber. The operation model of this unit generally concentrates revenues in the last quarter of the year and, therefore, such seasonal increase of production in progress is normal.

### Investments

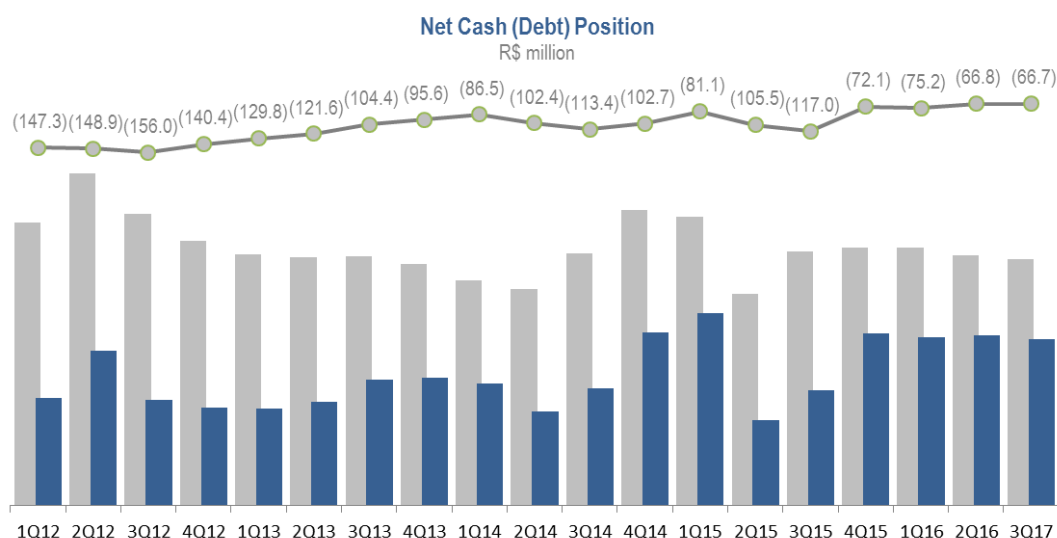
Investments in 3Q16 totaled R\$13.9 million, with a highlight on the purchase of an automatic molding machine for the Raw and machines Cast Iron Parts Business Unit, in the approximate amount of R\$10 million, already paid. This equipment will allow to automate the current process, making it more competitive, and to increase the capacity and quality in delivery of medium raw and machined cast iron parts. The installation will occur in 2017, with beginning of production estimated for 2018.

## 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 September 30, 2016 was R\$ 139.7 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 September 30, 2016, the amount of financing in local currency was R\$188.1 million, and in foreign currency, R\$18.6 million, totaling R\$206.7 million.



The balances of Finame Manufacturer Financing are used to calculate the Company's net debt.

As at September 30, 2016, the Company did not have any derivative transactions.

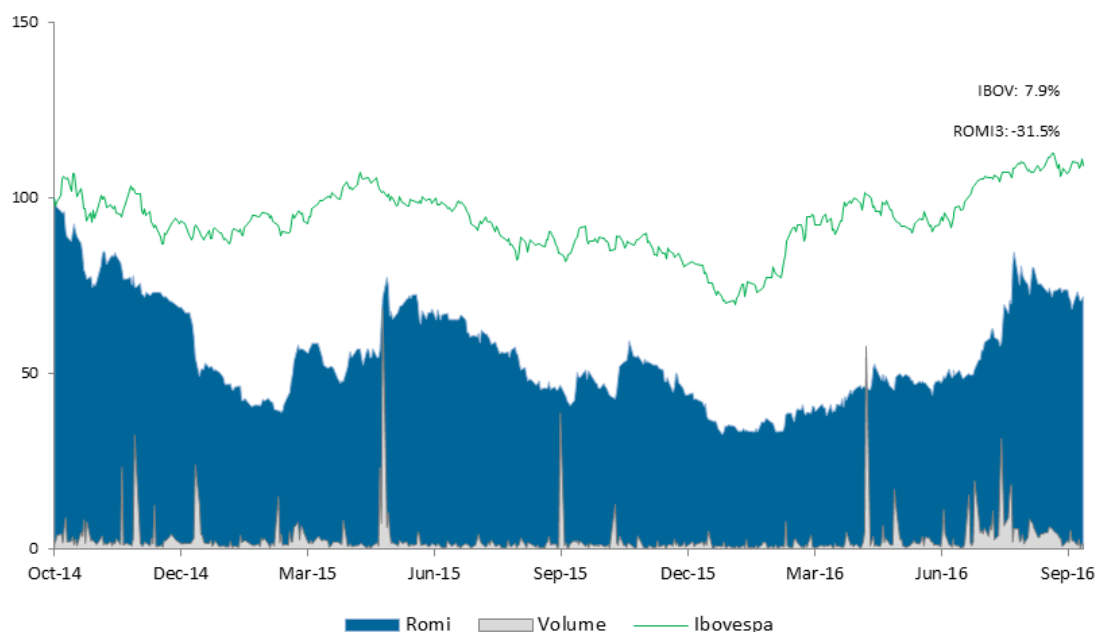
## Share Repurchase Program

On April 6, 2016, the Board of Directors approved the Common Shares Acquisition Program, with share acquisition transactions to be carried out between April 7, 2016 and April 7, 2017. The number of common shares acquired was 2,800,000 shares, representing 9.07% of the Company's free float. With the Program, the Company intends to generate shareholder value by utilizing efficiently its capital structure.

On April 29, 2016, the Company completed the acquisition of 2.8 million shares of its own issue, for a total price of R\$5.2 million, at an average price per share of R\$1.85.

At the meeting held on August 2, 2016, the shareholders approved the cancellation of 2.8 million shares acquired under this program, without capital reduction. After the cancellation, the Company's total common shares are 62,857,647.

## Capital Markets



Source: BM&FBovespa

At the end of 3Q16, Romi's common shares (ROMI3) were traded at R\$2.92, posting appreciation of 40.4% in the quarter and 69.8% in the twelve-month period. The BM&FBovespa Index posted appreciation of 13.3% in the quarter and 29.5% in the last twelve months.

The Company's market capitalization as at September 30, 2016 was R\$183.5 million. The average daily trading volume in 3Q16 was R\$541,300.

### Consolidated Balance Sheet

(R\$ 000)

ASSETS		09/30/15	12/31/15	06/30/16	09/30/16
<b>CURRENT</b>		<b>698,668</b>	<b>701,532</b>	<b>664,157</b>	<b>666,283</b>
Cash and Cash equivalents		96,569	144,581	143,205	139,721
Trade accounts receivable		108,709	122,126	102,122	104,848
Onlending of FINAME manufacturer financing		129,109	120,908	111,077	106,754
Inventories		324,603	267,786	266,856	271,858
Recoverable taxes		23,179	22,923	20,856	24,104
Other receivables		16,499	23,208	20,041	18,998
<b>NONCURRENT</b>		<b>565,207</b>	<b>517,186</b>	<b>476,150</b>	<b>479,775</b>
<b>Long-Term Assets</b>		<b>196,689</b>	<b>167,009</b>	<b>158,547</b>	<b>154,240</b>
Trade accounts receivable		7,564	8,941	10,505	10,628
Onlending of FINAME manufacturer financing		109,948	99,541	84,759	76,802
Recoverable taxes		1,356	1,203	1,066	919
Deferred income and social contribution taxes		54,905	48,738	53,469	55,643
Escrow Deposits		1,814	2,627	2,668	2,690
Other receivables		21,102	5,959	6,080	7,558
<b>Investments</b>					
Property, Plant and Equipment		283,615	277,809	255,876	261,523
Investment Property		26,025	17,000	17,101	18,008
Intangible assets		58,878	55,368	44,626	46,004
<b>TOTAL ASSETS</b>		<b>1,263,875</b>	<b>1,218,718</b>	<b>1,140,307</b>	<b>1,146,058</b>
LIABILITIES AND SHAREHOLDER'S EQUITY		09/30/15	12/31/15	06/30/16	09/30/16
<b>CURRENT</b>		<b>310,654</b>	<b>247,562</b>	<b>241,212</b>	<b>279,804</b>
Loans and financing		54,270	45,825	45,254	68,062
FINAME manufacturer financing		91,013	82,785	72,919	70,501
Trade accounts payable		39,406	28,400	40,552	37,241
Payroll and related taxes		30,921	20,834	27,579	30,686
Taxes payable		6,607	6,354	3,379	2,408
Advances from customers		68,790	37,851	34,796	52,939
Interest on capital, dividends and participations		2	1,487	-	-
Other payables		19,645	24,026	16,733	17,967
<b>NON CURRENT</b>		<b>295,515</b>	<b>298,161</b>	<b>270,062</b>	<b>239,023</b>
<b>Long-term liabilities</b>					
Loans and financing		159,324	170,817	164,773	138,623
FINAME manufacturer financing		98,630	92,124	76,576	71,167
Deferred income and social contribution taxes		34,533	32,711	26,944	27,596
Taxes payable		1,133	545	539	539
Reserve for contingencies		1,416	1,459	911	814
Other payables		479	505	319	284
<b>SHAREHOLDER'S EQUITY</b>		<b>656,184</b>	<b>670,719</b>	<b>627,462</b>	<b>625,716</b>
Capital		492,025	492,025	492,025	492,025
Capital reserve		-	-	-	-
Retained earnings		135,952	140,721	135,121	129,938
Loss for the period		(16,024)	-	(14,824)	(19,463)
Treasury shares		(3,914)	(5,078)	(5,183)	-
Cumulative translation adjustments		48,145	43,051	20,323	23,216
<b>NON CONTROLLING INTERESTS</b>		<b>1,522</b>	<b>2,276</b>	<b>1,571</b>	<b>1,515</b>
<b>TOTAL SHAREHOLDER'S EQUITY</b>		<b>657,706</b>	<b>672,995</b>	<b>629,033</b>	<b>627,231</b>
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>		<b>1,263,875</b>	<b>1,218,718</b>	<b>1,140,307</b>	<b>1,146,058</b>

## Consolidated Income Statement

(R\$ thousand)

	3Q15	2Q16	3Q16	Chg. 3Q16/2Q16	Chg. 3Q16/3Q15	9M15	9M16	Chg. 2016/2015
<b>Net Operating Revenue</b>	<b>154,248</b>	<b>150,063</b>	<b>153,312</b>	<b>2.2%</b>	<b>-0.6%</b>	<b>394,189</b>	<b>433,185</b>	<b>9.9%</b>
Cost of Goods Sold	(119,839)	(114,917)	(122,586)	6.7%	2.3%	(306,988)	(341,085)	11.1%
<b>Gross Profit</b>	<b>34,409</b>	<b>35,146</b>	<b>30,726</b>	<b>-12.6%</b>	<b>-10.7%</b>	<b>87,201</b>	<b>92,100</b>	<b>5.6%</b>
<i>Gross Margin %</i>	<i>22.3%</i>	<i>23.4%</i>	<i>20.0%</i>			<i>22.1%</i>	<i>21.3%</i>	
<b>Operating Expenses</b>	<b>(40,745)</b>	<b>(38,165)</b>	<b>(38,683)</b>	<b>1.4%</b>	<b>-5.1%</b>	<b>(120,809)</b>	<b>(115,649)</b>	<b>-4.3%</b>
Selling expenses	(18,279)	(17,973)	(19,313)	7.5%	5.7%	(51,642)	(52,264)	1.2%
Research and development expenses	(4,444)	(4,514)	(4,562)	1.1%	2.7%	(14,262)	(13,210)	-7.4%
General and administrative expenses	(15,829)	(14,787)	(14,198)	-4.0%	-10.3%	(49,515)	(48,147)	-2.8%
Management profit sharing and compensation	(1,157)	(1,353)	(1,364)	0.8%	17.9%	(3,973)	(3,903)	-1.8%
Other operating income, net	(1,036)	462	754	63.2%	-172.8%	(1,417)	1,875	-232.3%
<b>Operating Income before Financial Results</b>	<b>(6,336)</b>	<b>(3,019)</b>	<b>(7,957)</b>	<b>163.6%</b>	<b>25.6%</b>	<b>(33,608)</b>	<b>(23,549)</b>	<b>-29.9%</b>
<i>Operating Margin %</i>	<i>-4.1%</i>	<i>-2.0%</i>	<i>-5.2%</i>			<i>-8.5%</i>	<i>-5.4%</i>	
<b>Financial Results, Net</b>	<b>6,619</b>	<b>(2,387)</b>	<b>1,543</b>	<b>-164.6%</b>	<b>-76.7%</b>	<b>12,347</b>	<b>(2,170)</b>	<b>-117.6%</b>
Financial income	3,722	5,930	5,711	-3.7%	53.4%	14,734	15,833	7.5%
Financial expenses	(4,376)	(5,598)	(4,871)	-13.0%	11.3%	(16,236)	(14,210)	-12.5%
Exchange gain (loss), net	7,273	(2,719)	703	-125.9%	-90.3%	13,849	(3,793)	-127.4%
<b>Operations Operating Income</b>	<b>283</b>	<b>(5,406)</b>	<b>(6,414)</b>	<b>18.6%</b>	<b>-2366.4%</b>	<b>(21,261)</b>	<b>(25,719)</b>	<b>21.0%</b>
Income tax and social contribution	(696)	606	1,833	202.5%	-363.4%	5,460	6,427	17.7%
<b>Net income</b>	<b>(413)</b>	<b>(4,800)</b>	<b>(4,581)</b>	<b>-4.6%</b>	<b>1009.2%</b>	<b>(15,801)</b>	<b>(19,292)</b>	<b>22.1%</b>
<i>Net Margin %</i>	<i>-0.3%</i>	<i>-3.2%</i>	<i>-3.0%</i>			<i>-4.0%</i>	<i>-4.5%</i>	
<b>Net profit concerning:</b>								
Controlling interests	(478)	(4,858)	(4,639)	-4.5%	870.5%	(16,025)	(19,463)	21.5%
Non controlling interests	65	58	58	0.0%	-10.8%	223	171	-23.3%
<b>EBITDA</b>	<b>2,546</b>	<b>5,658</b>	<b>556</b>	<b>-90.2%</b>	<b>-78.2%</b>	<b>(7,522)</b>	<b>2,585</b>	<b>-134.4%</b>
Loss for the period	(413)	(4,800)	(4,581)	-4.6%	1009.2%	(15,802)	(19,292)	22.1%
Income tax and social contribution	696	(606)	(1,833)	202.5%	-363.4%	(5,460)	(6,427)	17.7%
Financial income, net	(6,619)	2,387	(1,543)	-164.6%	-76.7%	(12,347)	2,170	-117.6%
Depreciation and amortization	8,882	8,677	8,513	-1.9%	-4.2%	26,085	26,132	0.2%
<i>EBITDA Margin %</i>	<i>1.7%</i>	<i>3.8%</i>	<i>0.4%</i>			<i>-1.9%</i>	<i>0.6%</i>	
Nº of shares in capital stock (th)	68,758	65,658	62,858	-4.3%	-8.6%	68,758	62,858	-8.6%
Loss per share - R\$	(0.01)	(0.07)	(0.07)	-0.3%	961.6%	(0.22)	(0.30)	34.3%



**Consolidated Cash Flow Statement**  
(R\$ thousand)

	3Q15	2Q16	3Q16	9M15	9M16
<b>Cash from operating activities</b>					
<b>Net Income</b>	<b>282</b>	<b>(5,407)</b>	<b>(6,415)</b>	<b>(21,261)</b>	<b>(25,719)</b>
Financial expenses and exchange gain	21,193	1,424	2,718	13,259	7,576
Depreciation and amortization	8,882	8,677	8,513	26,070	26,132
Allowance for doubtful accounts and other receivables	(966)	(174)	(3,073)	(224)	(2,272)
Proceeds from sale of fixed assets and intangibles	3,459	183	(358)	2,951	(444)
Provision for inventory realization	4,382	(3,485)	(1,627)	7,680	(4,803)
Reserve for contingencies	407	174	(253)	936	(95)
<b>Change on operating assets and liabilities</b>			-		
Trade accounts receivable	(30,117)	(853)	1,860	14,502	15,125
Related Parties	1,180	-	-	2,329	-
Onlending of Finame manufacturer financing	17,050	15,770	12,142	69,180	38,623
Inventories	(34,704)	6,517	(3,375)	(70,247)	732
Recoverable taxes, net	1,977	(960)	(5,275)	(5,259)	(7,802)
Escrow deposits	(3,303)	64	(61)	(4,782)	(68)
Other receivables	8,110	2,318	1,525	13,906	7,502
Trade accounts payable	(2,276)	5,390	(3,427)	5,546	9,589
Payroll and related taxes	4,773	3,031	3,526	13,600	10,113
Taxes payable	5,397	(3,538)	1,345	7,633	(2,107)
Advances from customers	18,146	6,045	18,143	27,862	15,088
Other payables	3,589	(4,673)	906	2,257	(7,539)
<b>Cash provided by (used in) operating activities</b>	<b>27,461</b>	<b>30,503</b>	<b>26,814</b>	<b>105,938</b>	<b>79,631</b>
Income tax and social contribution paid	(168)	(73)	169	(650)	(533)
<b>Net Cash provided by (used in) operating activities</b>	<b>27,293</b>	<b>30,430</b>	<b>26,983</b>	<b>105,288</b>	<b>79,098</b>
Purchase of fixed assets	(4,039)	(5,910)	(13,896)	(11,387)	(22,231)
Sales of fixed assets	297	130	772	1,188	1,566
Increase in intangible assets	-	87	(76)	-	(76)
<b>Net cash Used in Investing Activities</b>	<b>(3,742)</b>	<b>(5,693)</b>	<b>(13,200)</b>	<b>(10,199)</b>	<b>(20,741)</b>
Interest on capital paid	(157)	(1,487)	(109)	(2,043)	(2,415)
Share Repurchase	(3,914)	(5,183)	-	(3,914)	(5,705)
New loans and financing	62,578	14,185	1,898	43,383	31,075
Payments of loans and financing	(33,442)	(17,042)	(6,117)	(94,251)	(36,471)
Interests paid (including Finame manufacturer financing)	(5,528)	(5,677)	(5,018)	(17,620)	(16,207)
New loans in Finame manufacturer	20,399	13,726	13,147	51,935	33,891
Payment of Finame manufacturer financing	(33,758)	(21,896)	(21,074)	(112,276)	(67,245)
<b>Net Cash provided by (used in) Financing Activities</b>	<b>6,178</b>	<b>(23,374)</b>	<b>(17,273)</b>	<b>(134,786)</b>	<b>(63,077)</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>29,729</b>	<b>1,363</b>	<b>(3,490)</b>	<b>(39,697)</b>	<b>(4,720)</b>
Exchange variation changes on cash and cash equivalents abroad	(5,119)	144	6	(9,314)	(140)
<b>Cash and cash equivalents - beginning of period</b>	<b>71,959</b>	<b>141,698</b>	<b>143,205</b>	<b>145,580</b>	<b>144,581</b>
<b>Cash and cash equivalents - end of period</b>	<b>96,569</b>	<b>143,205</b>	<b>139,721</b>	<b>96,569</b>	<b>139,721</b>

## Appendix I – Income Statement by Business Unit

### 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 - 3Q15

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>74,102</b>	<b>39,212</b>	<b>40,934</b>	<b>154,248</b>
<b>Cost of Sales and Services</b>	<b>(47,599)</b>	<b>(34,574)</b>	<b>(37,667)</b>	<b>(119,840)</b>
Business Units Transfers	1	-	1,685	1,685
Business Units Transfers	(1,685)	-	-	(1,685)
<b>Gross Profit</b>	<b>24,819</b>	<b>4,638</b>	<b>4,952</b>	<b>34,408</b>
<i>Gross Margin %</i>	<i>33.5%</i>	<i>11.8%</i>	<i>12.1%</i>	<i>22.3%</i>
<b>Operating Expenses</b>	<b>(28,811)</b>	<b>(7,767)</b>	<b>(4,168)</b>	<b>(40,746)</b>
Selling	(14,420)	(3,252)	(607)	(18,279)
General and Administrative	(8,169)	(4,515)	(3,145)	(15,829)
Research and Development	(4,444)	-	-	(4,444)
Management profit sharing	(741)	-	(416)	(1,157)
Other operating revenue	(1,037)	-	-	(1,037)
<b>Operating Income before Financial Results</b>	<b>(3,992)</b>	<b>(3,129)</b>	<b>784</b>	<b>(6,337)</b>
<i>Operating Margin %</i>	<i>-5.4%</i>	<i>-8.0%</i>	<i>1.9%</i>	<i>-4.1%</i>
Depreciation and amortization	4,342	1,882	2,659	8,883
<b>EBITDA</b>	<b>350</b>	<b>(1,247)</b>	<b>3,443</b>	<b>2,546</b>
<i>EBITDA Margin %</i>	<i>0.5%</i>	<i>-3.2%</i>	<i>8.4%</i>	<i>1.7%</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>	<b>(130,111)</b>	<b>(70,794)</b>	<b>(140,180)</b>	<b>(341,085)</b>
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>

## Income Statement by Business Units - 9M15

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
<b>Net Operating Revenue</b>	<b>231,278</b>	<b>66,516</b>	<b>96,395</b>	<b>394,189</b>
<b>Cost of Sales and Services</b>	<b>(145,467)</b>	<b>(60,431)</b>	<b>(101,090)</b>	<b>(306,989)</b>
Business Units Transfers	4	-	9,948	9,952
Business Units Transfers	(9,948)	-	(4)	(9,952)
<b>Gross Profit</b>	<b>75,867</b>	<b>6,084</b>	<b>5,249</b>	<b>87,199</b>
<i>Gross Margin %</i>	<i>32.8%</i>	<i>9.1%</i>	<i>5.4%</i>	<i>22.1%</i>
<b>Operating Expenses</b>	<b>(88,719)</b>	<b>(19,944)</b>	<b>(10,729)</b>	<b>(119,392)</b>
Selling	(43,225)	(5,847)	(2,570)	(51,642)
General and Administrative	(28,224)	(14,097)	(7,194)	(49,515)
Research and Development	(14,262)	-	-	(14,262)
Management profit sharing	(3,008)	-	(965)	(3,973)
Other operating revenue	-	-	-	-
<b>Operating Income before Financial Results</b>	<b>(12,852)</b>	<b>(13,860)</b>	<b>(5,480)</b>	<b>(32,192)</b>
<i>Operating Margin %</i>	<i>-5.6%</i>	<i>-20.8%</i>	<i>-5.7%</i>	<i>-8.2%</i>
Depreciation and amortization	12,911	5,108	8,067	26,086
<b>EBITDA</b>	<b>60</b>	<b>(8,752)</b>	<b>2,587</b>	<b>(6,106)</b>
<i>EBITDA Margin %</i>	<i>0.0%</i>	<i>-13.2%</i>	<i>2.7%</i>	<i>-1.5%</i>

## Appendix II – Financial Statements of B+W

### Balance Sheet B+W

	(€ 000)			
ASSETS	09/30/15	12/31/15	06/30/16	09/30/16
<b>CURRENT</b>	<b>25,439</b>	<b>18,687</b>	<b>18,430</b>	<b>22,744</b>
Cash and Cash equivalents	-	2,807	2,049	2,949
Trade accounts receivable	6,060	7,263	5,949	6,286
Inventories	16,885	8,288	9,468	11,836
Recoverable taxes	2,120	182	668	1,321
Related Parties	3	4	95	124
Other receivables	370	141	201	229
<b>NONCURRENT</b>	<b>28,852</b>	<b>28,687</b>	<b>27,926</b>	<b>27,484</b>
<b>Long-Term Assets</b>	-	-	-	-
Other receivables	-	-	-	-
<b>Investments</b>				
Property, Plant and Equipment, net	15,701	15,742	15,347	15,071
Investment in Subsidiaries and Associate Companies	-	24	46	46
Intangible assets	13,151	12,922	12,533	12,367
<b>TOTAL ASSETS</b>	<b>54,290</b>	<b>47,374</b>	<b>46,356</b>	<b>50,228</b>

	(€ 000)			
LIABILITIES AND SHAREHOLDER'S EQUITY	09/30/15	12/31/15	06/30/16	09/30/16
<b>CURRENT</b>	<b>21,085</b>	<b>11,341</b>	<b>11,060</b>	<b>15,767</b>
Loans and financing	3,085	958	-	-
Trade accounts payable	1,964	1,205	1,229	1,183
Payroll and related taxes	1,197	492	950	960
Taxes payable	817	409	165	71
Advances from customers	12,435	6,048	7,132	11,970
Other payables	1,586	2,146	1,582	1,476
Related Parties	-	82	0	107
<b>NON CURRENT</b>	<b>8,635</b>	<b>8,459</b>	<b>9,122</b>	<b>8,932</b>
<b>Long-term liabilities</b>				
Loans and financing	3,504	3,418	4,171	4,025
Deferred income and social contribution taxes	5,131	5,041	4,952	4,907
<b>SHAREHOLDER'S EQUITY</b>	<b>24,571</b>	<b>27,574</b>	<b>26,174</b>	<b>25,529</b>
Capital	7,025	7,025	7,025	7,025
Capital reserve	505	505	505	505
Accumulated deficit	17,041	20,044	18,644	17,999
<b>TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY</b>	<b>54,290</b>	<b>47,374</b>	<b>46,356</b>	<b>50,228</b>

## B+W Income Statement

	(€ 000)				
	3Q15	2Q16	3Q16	9M15	9M16
<b>Net Operating Revenue</b>	<b>9,176</b>	<b>8,531</b>	<b>7,345</b>	<b>17,237</b>	<b>20,928</b>
Cost of Goods Sold	(8,097)	(6,725)	(6,332)	(15,799)	(18,028)
<b>Gross Profit</b>	<b>1,079</b>	<b>1,806</b>	<b>1,013</b>	<b>1,438</b>	<b>2,900</b>
<i>Gross Margin %</i>	<i>11.8%</i>	<i>21.2%</i>	<i>13.8%</i>	<i>8.3%</i>	<i>13.9%</i>
<b>Operating Expenses</b>	<b>(1,933)</b>	<b>(1,712)</b>	<b>(1,820)</b>	<b>(5,595)</b>	<b>(5,566)</b>
Selling expenses	(776)	(604)	(769)	(1,547)	(2,038)
General and administrative expenses	(1,157)	(1,108)	(1,051)	(4,048)	(3,528)
<b>Operating Income before Financial Results</b>	<b>(854)</b>	<b>94</b>	<b>(807)</b>	<b>(4,157)</b>	<b>(2,666)</b>
<i>Operating Margin %</i>	<i>-9.3%</i>	<i>1.1%</i>	<i>-11.0%</i>	<i>-24.1%</i>	<i>-12.7%</i>
<b>Financial Results, Net</b>	<b>(72)</b>	<b>(80)</b>	<b>(100)</b>	<b>(258)</b>	<b>(210)</b>
<b>Operations Operating Income</b>	<b>(926)</b>	<b>14</b>	<b>(907)</b>	<b>(4,415)</b>	<b>(2,876)</b>
Income tax and social contribution	267	(4)	262	1,276	831
<b>Net income</b>	<b>(659)</b>	<b>10</b>	<b>(645)</b>	<b>(3,139)</b>	<b>(2,045)</b>
<i>Net Margin %</i>	<i>-7.2%</i>	<i>0.1%</i>	<i>-8.8%</i>	<i>-18.2%</i>	<i>-9.8%</i>
<b>EBITDA</b>	<b>(268)</b>	<b>618</b>	<b>(287)</b>	<b>(2,379)</b>	<b>(1,093)</b>
Net income / loss for the period	(659)	10	(645)	(3,139)	(2,045)
Income tax and social contribution	(267)	4	(262)	(1,276)	(831)
Financial income, net	72	80	100	258	210
Depreciation and amortization	586	524	520	1,778	1,573
<i>EBITDA Margin %</i>	<i>-2.9%</i>	<i>7.2%</i>	<i>-3.9%</i>	<i>-13.8%</i>	<i>-5.2%</i>

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 being subject to changes.