

**ROMI**

WWW.ROMI.COM



April 25, 2017 1Q17 Earnings Release

March 31, 2017

Share Price

ROMI3 - R\$3.66 per share (on 04/24/2017)

Market capitalization

R\$230.1 million

US\$72.6 million

Number of shares

Common: 62,857,647

Total: 62,857,647

Free Float = 45.7%**Investor Relations Contact****Fábio B. Taiar**

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April 26, 2017

Earnings Conference Call

Time: 10:00 am

Dial-in numbers:

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

Access code: Romi

Earnings Conference Call in English

Time: 12:00 pm (São Paulo)

4:00 pm (London)

11:00 am (New York)

Dial-in numbers:

USA +1 (786) 924-6977

Brazil +55 (11) 3193-1001

Other + 1 (888) 700-0802

Access code: Romi



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Santa Bárbara d'Oeste – SP, April 25, 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 first quarter of 2017 ("1Q17"). 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

EBIT grows and EBITDA Margin reaches R\$10.8 million in 1Q17

- The Romi machines unit, in 1Q17, reached a positive EBITDA margin of 7.5%, an improvement of 8.8% compared to 1Q16, as result of the operating adjustments and cost and expense reduction carried out in 2016;
- The German subsidiary B+W, in 1Q17, reported a growth in gross and operating margins of 20.0 and 38.7 percentage points, respectively, when compared to 1Q16, due to a better volume of production and revenues;
- In 1Q17, compared to the same period of 2016, the Raw and Machined Cast Iron Parts Business Unit presented a growth of 41.6% in operating revenues, and improvement of 2.4 percentage points in gross margin.
- The orders entry in 1Q17 compared to 1Q16 posted a growth of 17.3%, especially the Romi Machines Business Unit and the Raw and Machined Cast Iron Parts Business Unit, which posted a growth of 15.0% and 21.4%, respectively.

| R\$'000 | Quarter | | | | |
|--|-----------------|-----------------|----------------|-------------------|-------------------|
| | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Revenues Volume | | | | | |
| Machines (units) | 170 | 214 | 162 | -24.3% | -4.7% |
| Burkhardt + Weber (units) | 3 | 7 | 6 | -14.3% | 100.0% |
| Raw and Machined Cast Iron Parts (tons) | 4,240 | 5,174 | 5,784 | 11.8% | 36.4% |
| Net Operating Revenue | 129,810 | 153,730 | 146,525 | -4.7% | 12.9% |
| Gross margin (%) | 20.2% | 16.2% | 24.7% | | |
| Operating Income (EBIT) | (12,571) | (20,883) | 3,316 | -115.9% | -126.4% |
| Operating margin (%) | -9.7% | -13.6% | 2.3% | | |
| Net Income | (9,909) | (20,175) | 2,064 | -110.2% | -120.8% |
| Net margin (%) | -7.6% | -13.1% | 1.4% | | |
| EBITDA | (3,629) | (12,630) | 10,829 | -185.7% | -398.4% |
| EBITDA margin (%) | -2.8% | -8.2% | 7.4% | | |
| Investments | 2,425 | 3,027 | 4,065 | 34.3% | 67.7% |

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

Corporate Profile



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

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

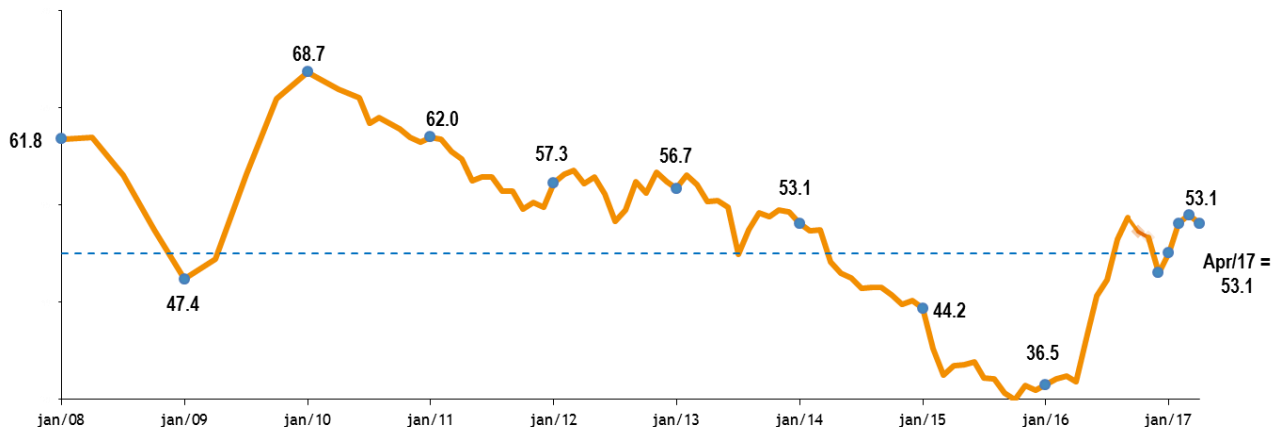
The Company has eleven manufacturing units, four of which are dedicated to the final assembly of industrial machinery, two foundries, three units for component machining, one unit for the manufacture of steel sheet components, and one plant for the assembly of electronic control panels. Of these, nine 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 beginning of 2017 still shows a poor economic activity, however, a few signs of a possible recovery of the Brazilian economy, although slow and gradual, could be noticed, such as the evolution of confidence indexes presented below.

In April 2017, the Industrial Entrepreneur Confidence Index – ICEI reached 53.1, after reaching its lowest index at the beginning of 2016, of 36.5 points, as shown below:

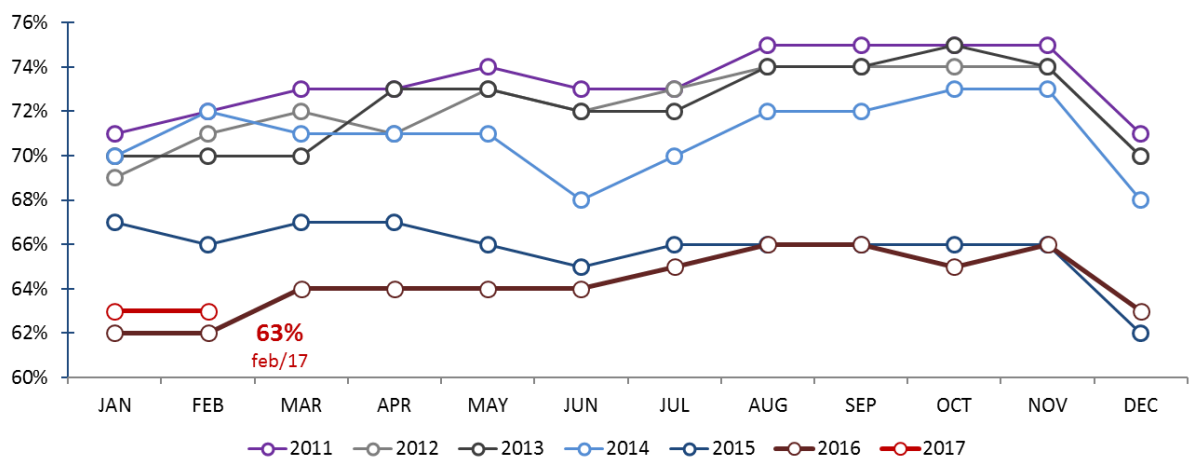
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI – UCI, April 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 slightly higher than those for 2016, 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, February 2017.

This scenario, with a high level of uncertainty and volatility, discourages business expansion and impacts negatively the country's investment levels. However, the perspective of controlled inflation and a more competitive interest rate, which foster an adequate return of investments, start creating a more favorable environment for investments, even in a slow and gradual manner.

On the other hand, the appreciation of the Brazilian Real (R\$) against the US Dollar (US\$) increased the competitiveness of imported equipment, parts and components when compared to those produced locally, affecting the national industry. Such scenario also impacted export margins and the competitiveness of Romi products, which have as main competitors imported equipment.

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. In 2016 we performed additional optimizations, mainly in 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. The impacts of these measures can already be noticed in the profitability levels of the Company in this first quarter of 2017.

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-term 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 | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Romi Machines | 58,956 | 55,612 | 67,773 | 21.9% | 15.0% |
| Burkhardt+Weber Machines | 8,958 | 30,679 | 9,711 | -68.3% | 8.4% |
| Rough and Machined Cast Iron Parts | 52,435 | 49,194 | 63,647 | 29.4% | 21.4% |
| Total | 120,349 | 135,485 | 141,131 | 4.2% | 17.3% |

The volume of orders placed in 1Q17 was 17.3% higher than 1Q16, due to the following main factors: (i) growth of 15.0% in order entries in the Romi Machines Business Unit, from the moderate improvement at the beginning of 2017; and (ii) growth of 21.4% in order entry of the Raw and Machined Cast Iron Parts Business Unit.

| Order Book (R\$ 000) | | | | | |
|---|----------------|----------------|----------------|---------------------------|---------------------------|
| Gross Values, sales taxes included | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Romi Machines | 75,862 | 53,339 | 64,304 | 20.6% | -15.2% |
| Burkhardt+Weber Machines | 57,062 | 125,774 | 109,251 | -13.1% | 91.5% |
| Rough and Machined Cast Iron Parts | 103,277 | 72,943 | 74,808 | 2.6% | -27.6% |
| Total * | 236,201 | 252,057 | 248,363 | -1.5% | 5.1% |

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

As at March 31, 2017, the orders backlog amounted to R\$248.4 million, 5.1% higher than the backlog at the end of 1Q16 and 1.5% below the amount posted in 4Q16. The decrease in the backlog at the end of 1Q17, when compared to 4T16, was mainly due to the German subsidiary B+W, which delivered backlog machines, according to the revenue schedule.

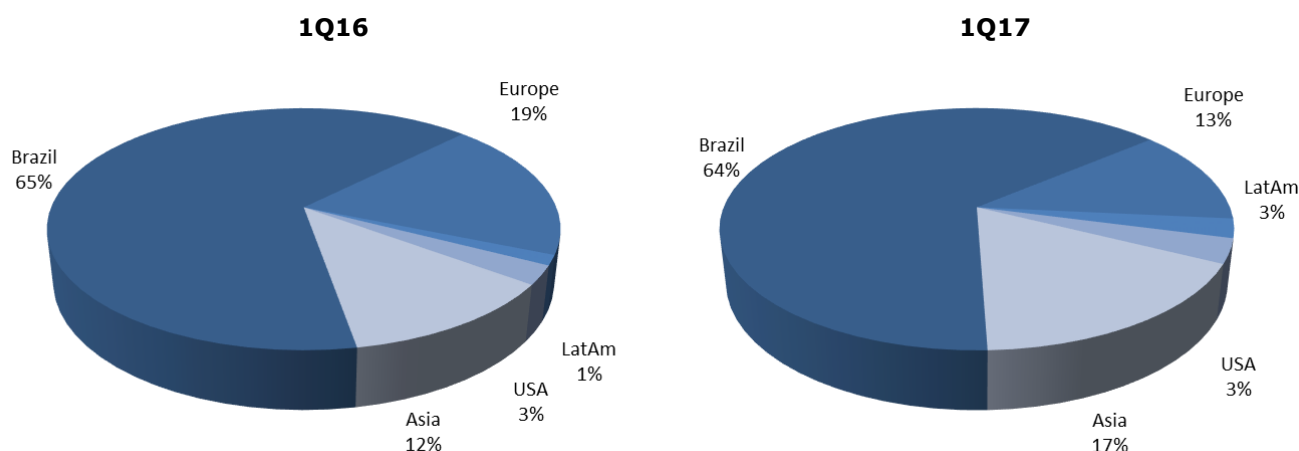
Operating Performance

NET OPERATING REVENUES

Net operating revenues posted by the Company in 1Q17 reached R\$146.5 million, 12.9% higher than in 1T16. This increase was mainly due to the revenues of the German subsidiary B+W, which ended 2016 with a relevant growth in its backlog of orders, which are being delivered in 2017, and the Raw and Machined Cast Iron Parts Business Unit which has been increasing its revenue volume since the beginning of 2016.

| Net Operating Revenue (R\$ 000) | Quarter | | | | |
|----------------------------------|----------------|----------------|----------------|-------------------|-------------------|
| | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Romi Machines | 67,573 | 67,197 | 59,313 | -11.7% | -12.2% |
| Burkhardt+Weber Machines | 21,727 | 33,050 | 29,869 | -9.6% | 37.5% |
| Raw and Machined Cast Iron Parts | 40,510 | 53,483 | 57,343 | 7.2% | 41.6% |
| Total | 129,810 | 153,730 | 146,525 | -4.7% | 12.9% |

The domestic market accounted for 64% of Romi's consolidated revenues in 1Q17, very similar to 1Q16 (65%). Regarding the foreign market, Asia represented 17% of revenues in 1Q17 due to a significant delivery of machines from the German subsidiary B+W to China. Considering the revenue obtained in the foreign market, which takes into account the sales by Romi's subsidiaries abroad (Germany, Asia, 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 | | | | |
|--------------------------|---------|------|------|-------------------|-------------------|
| | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Net Sales (R\$ million) | 45.5 | 59.9 | 52.1 | -13.0% | 14.7% |
| Net Sales (US\$ million) | 12.8 | 18.4 | 16.5 | -10.5% | 28.8% |

Romi Machinery

The net operating revenues of this Business Unit reached R\$59.3 million in 1Q17, a decrease of 12.2% compared to 1Q16, showing that the domestic scenario is still presenting a low investment level. Foreign market revenues are still showing expansion, and increased 28.8%, in US Dollars, in 1Q17, when compared to 1T16.

Burkhardt+Weber Machinery

Revenues of the German subsidiary B+W in 1Q17, when compared to 1Q16, increased 37.5%. Such increase in revenue volume is within the expectation and revenue schedule for 2017, which demonstrates a solid backlog order of this subsidiary for 2017.

Raw and Machined Cast Iron Parts

In 1Q17, the net operating revenues of this Business Unit were R\$57.3 million, which represents an increase of 41.6% compared to 1Q16, 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 1Q17, of 24.7%, posted an increase of 4.5% compared to 1Q16, as a result of the operating adjustments carried out in 2016. Such adjustments also positively impacted the operating margin (EBIT), which in 1Q17, when compared to 1Q16, presented growth of 11.9 percentage points.

| | Quarter | | | | |
|----------------------------------|--------------|--------------|--------------|------------------------|------------------------|
| | 1Q16 | 4Q16 | 1Q17 | Var. p.p. 1Q17/4Q16 | Var. p.p. 1Q17/1Q16 |
| Gross Margin | | | | | |
| Romi Machines | 31.3% | 19.0% | 36.6% | 17.6 | 5.3 |
| Burkhardt+Weber Machines | 1.4% | 22.7% | 21.4% | (1.3) | 20.0 |
| Raw and Machined Cast Iron Parts | 11.8% | 8.6% | 14.2% | 5.6 | 2.4 |
| Total | 20.2% | 16.2% | 24.7% | 8.5 | 4.5 |

| | Quarter | | | | |
|----------------------------------|--------------|---------------|-------------|------------------------|------------------------|
| | 1Q16 | 4Q16 | 1Q17 | Var. p.p. 1Q17/4Q16 | Var. p.p. 1Q17/1Q16 |
| EBIT Margin | | | | | |
| Romi Machines | -7.0% | -33.1% | 2.1% | 35.2 | 9.1 |
| Burkhardt+Weber Machines | -38.9% | 7.1% | -0.2% | (7.3) | 38.7 |
| Raw and Machined Cast Iron Parts | 1.4% | -1.9% | 3.7% | 5.6 | 2.3 |
| Total | -9.7% | -13.6% | 2.3% | 15.9 | 11.9 |

Romi Machinery

The gross and operating margins of this Business Unit, in 1Q17, reported an increase of 5.3 and 9.1 percentage points when compared to 1Q16, due to the operating adjustments carried out in 2016. On the other hand, the appreciation of the Brazilian currency (Real) throughout 2017 impacted the export margins in 1Q17.

Burkhardt+Weber Machinery

In this Business Unit, the gross margin in 1Q17 was 21.4%, which represents an increase of 20.0% in relation to 1Q16, due to the greater operation and revenue volume.

Raw and Machined Cast Iron Parts

The gross margin of this Business Unit in 1Q17 was 14.2%, an increase of 2.4% in relation to 1Q16, mainly due to a greater revenue volume.

EBITDA AND EBITDA MARGIN

In 1Q17, the operating cash generation as measured by EBITDA was R\$10.8 million, representing an EBITDA margin of 7.4% in the quarter, as shown in the table below:

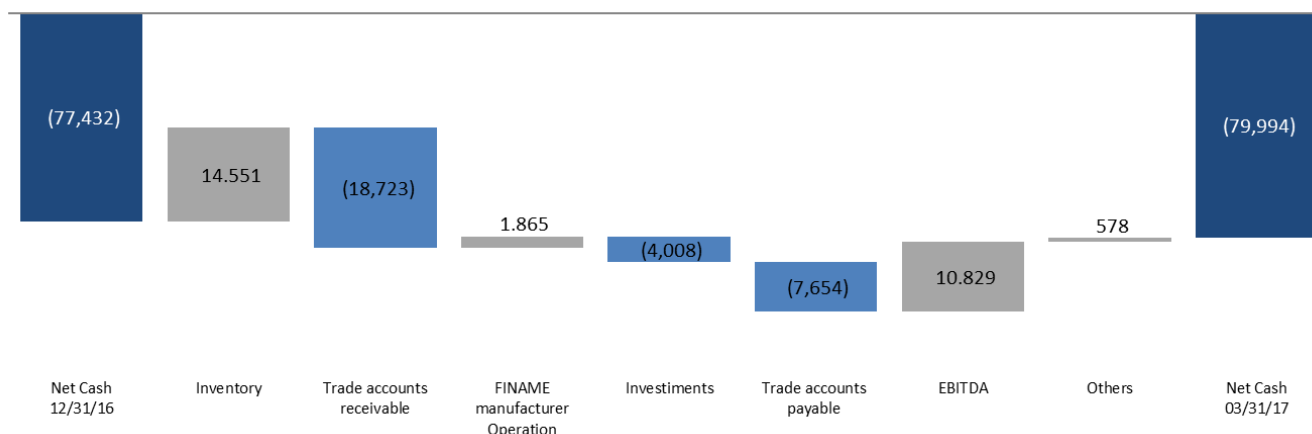
| Reconciliation of Net Income to EBITDA (R\$ 000) | Quarter | | | | |
|--|----------------|-----------------|----------------|-------------------|-------------------|
| | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
| Net Income | (9,909) | (20,175) | 2,064 | -110.2% | -120.8% |
| Income tax and social contributions | (3,988) | (2,321) | 735 | -131.7% | -118.4% |
| Net Financial Income | 1,326 | 1,613 | 517 | -67.9% | -61.0% |
| Depreciation and amortization | 8,942 | 8,253 | 7,513 | -9.0% | -16.0% |
| EBITDA | (3,629) | (12,630) | 10,829 | -185.7% | -398.4% |
| EBITDA Margin | -2.8% | -8.2% | 7.4% | 0.16 | 0.10 |
| Total Net Operating Revenue | 129,810 | 153,732 | 146,525 | -4.7% | 12.9% |

PROFIT FOR THE PERIOD

Profit was R\$2.1 million in 1Q17.

Evolution of net cash (debt) position

The main changes in the net debt position during 1Q17 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 increase was mainly due to the increase in revenue volume of the Raw and Machine Cast Iron Parts Unit.

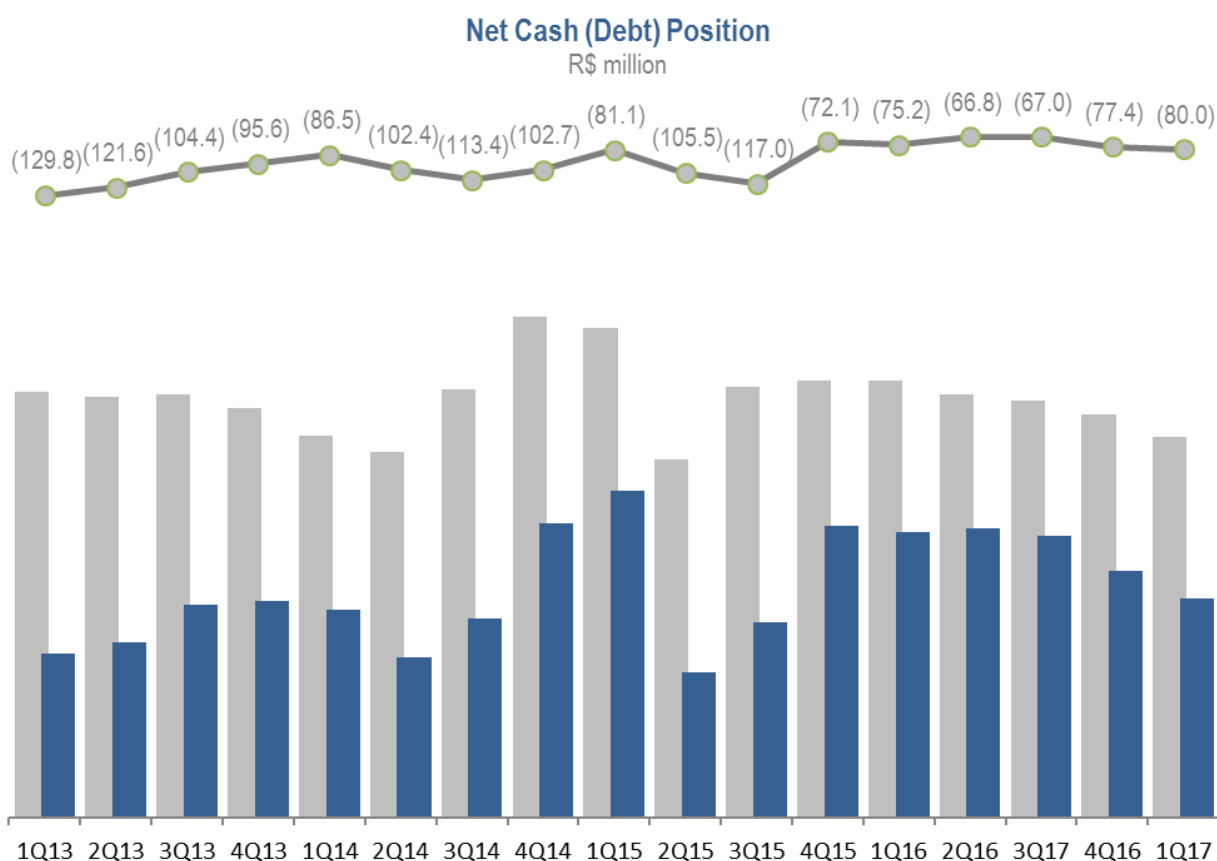
Trade accounts payable

Projects of leadtime reduction, with a better production planning, resulted in a decrease in purchase volume.

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 (debt) as at March 31, 2017 was R\$80.0 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 March 31, 2017, the financing in local currency amounted to R\$176.4 million, and in foreign currency to R\$12.1 million, totaling R\$188.6 million.

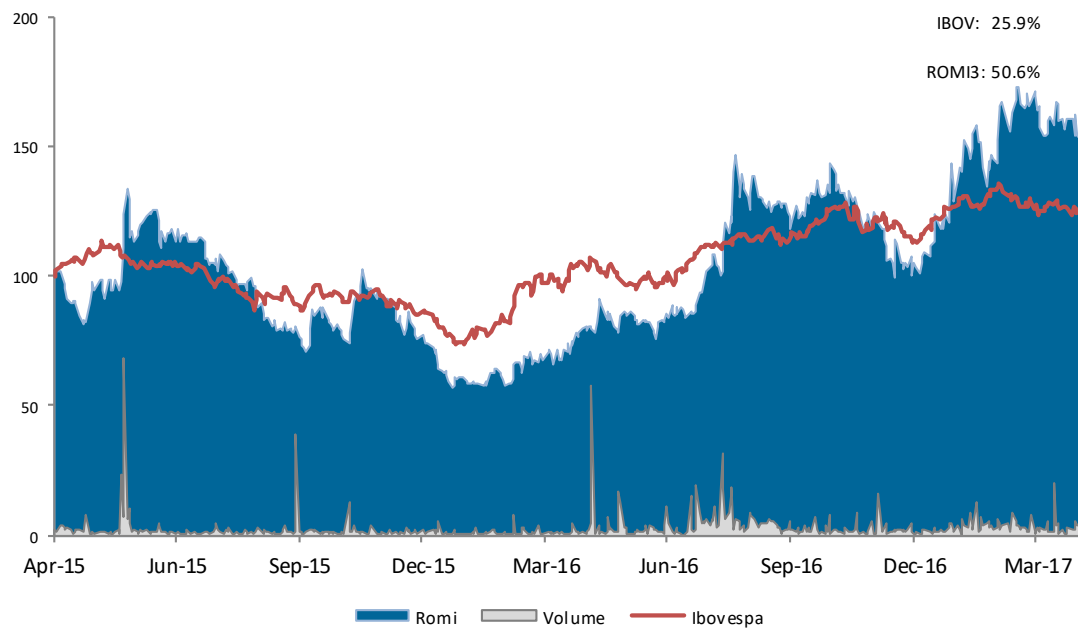


The balances of "FINAME Manufacturer Financing" are not used to calculate the Company's net debt. As at March 31, 2017, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 04/01/2015 to 04/24/2017



Source: BM&FBovespa.

At April 24, 2017, Romi's common shares (ROMI3) were traded at R\$3.66, posting appreciation of 38.1% since December 31, 2016 and 136.1% since March 31, 2016. The BM&FBovespa Index posted appreciation of 8.1% and 28.6% in the same period.

The Company's market capitalization as at April 24, 2017 was R\$230.1 million. The average daily trading volume in 1Q17 was R\$317.5.

Consolidated Balance Sheet

(R\$ 000)

| ASSETS | | 03/31/16 | 12/31/16 | 03/31/17 | LIABILITIES AND SHAREHOLDER'S EQUITY | | 03/31/16 | 12/31/16 | 03/31/17 |
|---|---|------------------|------------------|------------------|---|---|------------------|------------------|------------------|
| CURRENT | CURRENT | 675,509 | 622,374 | 605,824 | CURRENT | CURRENT | 242,746 | 290,889 | 274,847 |
| Cash and Cash equivalents | Cash and Cash equivalents | 122,598 | 101,510 | 87,214 | Loans and financing | Loans and financing | 51,819 | 99,435 | 94,952 |
| Financial investments | Financial investments | 19,100 | 20,831 | 21,365 | FINAME manufacturer financing | FINAME manufacturer financing | 76,020 | 67,177 | 62,025 |
| Trade accounts receivable | Trade accounts receivable | 106,029 | 94,216 | 113,469 | Trade accounts payable | Trade accounts payable | 35,831 | 34,482 | 26,828 |
| Onlending of FINAME manufacturer financing | Onlending of FINAME manufacturer financing | 116,600 | 102,356 | 95,668 | Payroll and related taxes | Payroll and related taxes | 24,374 | 19,013 | 21,765 |
| Inventories | Inventories | 269,888 | 264,587 | 250,036 | Taxes payables | Taxes payables | 3,515 | 2,596 | 1,759 |
| Recoverable taxes | Recoverable taxes | 20,514 | 24,402 | 21,879 | Advances from customers | Advances from customers | 28,751 | 53,787 | 53,665 |
| Other receivables | Other receivables | 20,780 | 14,472 | 16,193 | Other payables | Other payables | 22,436 | 14,399 | 13,853 |
| NON CURRENT | NON CURRENT | 501,600 | 461,746 | 446,403 | NON CURRENT | NON CURRENT | 279,671 | 191,699 | 175,449 |
| Trade accounts receivable | Trade accounts receivable | 8,751 | 11,996 | 11,466 | Long-term liabilities | Long-term liabilities | - | - | - |
| Onlending of FINAME manufacturer financing | Onlending of FINAME manufacturer financing | 93,113 | 67,323 | 58,447 | Loans and financing | Loans and financing | 165,087 | 100,338 | 93,621 |
| Recoverable taxes | Recoverable taxes | 982 | 777 | 671 | FINAME manufacturer financing | FINAME manufacturer financing | 81,564 | 62,953 | 54,406 |
| Deferred income and social contribution taxes | Deferred income and social contribution taxes | 52,935 | 58,053 | 57,040 | Deferred income and social contribution taxes | Deferred income and social contribution taxes | 31,025 | 25,853 | 25,331 |
| Escrow Deposits | Escrow Deposits | 2,698 | 2,115 | 2,087 | Taxes payable | Taxes payable | 539 | 539 | 539 |
| Other receivables | Other receivables | 6,532 | 9,065 | 9,462 | Reserve for contingencies | Reserve for contingencies | 1,006 | 1,920 | 1,439 |
| Investments | Investments | | | | Other payables | Other payables | 450 | 96 | 113 |
| Property, Plant and Equipment | Property, Plant and Equipment | 267,735 | 252,033 | 246,344 | SHAREHOLDER'S EQUITY | SHAREHOLDER'S EQUITY | 653,179 | 599,962 | 600,425 |
| Investment Property | Investment Property | 17,000 | 17,538 | 18,588 | Capital | Capital | 492,025 | 492,025 | 492,025 |
| Intangible assets | Intangible assets | 51,854 | 42,846 | 42,298 | Retained earnings | Retained earnings | 140,721 | 90,243 | 90,243 |
| | | | | | Profit (loss) for the period | Profit (loss) for the period | (9,965) | - | 2,015 |
| | | | | | Treasury shares | Treasury shares | (5,600) | - | - |
| | | | | | Cumulative translation adjustments | Cumulative translation adjustments | 35,998 | 17,694 | 16,142 |
| TOTAL ASSETS | TOTAL ASSETS | 1,177,109 | 1,084,120 | 1,052,227 | NON CONTROLLING INTERESTS | NON CONTROLLING INTERESTS | 1,513 | 1,570 | 1,506 |
| | | | | | TOTAL SHAREHOLDER'S EQUITY | TOTAL SHAREHOLDER'S EQUITY | 654,692 | 601,532 | 601,931 |
| | | | | | TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | 1,177,109 | 1,084,120 | 1,052,227 |

Consolidated Income Statement

(R\$ thousand)

| | 1Q16 | 4Q16 | 1Q17 | Chg. 1Q17/4Q16 | Chg. 1Q17/1Q16 |
|--|-----------------|-----------------|-----------------|-------------------|-------------------|
| Net Operating Revenue | 129,810 | 153,732 | 146,525 | -4.7% | 12.9% |
| Cost of Goods Sold | (103,582) | (128,836) | (110,281) | -14.4% | 6.5% |
| Gross Profit | 26,228 | 24,896 | 36,244 | 45.6% | 38.2% |
| <i>Gross Margin %</i> | <i>20.2%</i> | <i>16.2%</i> | <i>24.7%</i> | <i>8.5%</i> | <i>4.5%</i> |
| Operating Expenses | (38,799) | (45,779) | (32,928) | -28.1% | -15.1% |
| Selling expenses | (14,978) | (20,582) | (14,659) | -28.8% | -2.1% |
| Research and development expenses | (4,134) | (6,282) | (4,052) | -35.5% | -2.0% |
| General and administrative expenses | (19,162) | (16,445) | (12,906) | -21.5% | -32.6% |
| Management profit sharing and compensation | (1,186) | (1,327) | (1,453) | 9.5% | 22.5% |
| Other operating income, net | 661 | (1,143) | 142 | -112.4% | -78.5% |
| Operating Income before Financial Results | (12,571) | (20,883) | 3,316 | -115.9% | -126.4% |
| <i>Operating Margin %</i> | <i>-9.7%</i> | <i>-13.6%</i> | <i>2.3%</i> | <i>15.8%</i> | <i>11.9%</i> |
| Financial Results, Net | (1,326) | (1,613) | (517) | -67.9% | -61.0% |
| Financial income | 4,192 | 4,940 | 4,285 | -13.3% | 2.2% |
| Financial expenses | (3,741) | (5,248) | (4,067) | -22.5% | 8.7% |
| Exchange gain (loss), net | (1,777) | (1,305) | (735) | -43.7% | -58.6% |
| Operations Operating Income | (13,897) | (22,496) | 2,799 | -112.4% | -120.1% |
| Income tax and social contribution | 3,988 | 2,321 | (735) | -131.7% | -118.4% |
| Net income | (9,909) | (20,175) | 2,064 | -110.2% | -120.8% |
| <i>Net Margin %</i> | <i>-7.6%</i> | <i>-13.1%</i> | <i>1.4%</i> | <i>14.5%</i> | <i>9.0%</i> |
| Net profit concerning: | | | | | |
| Controlling interests | (9,965) | (20,231) | 2,015 | -110.0% | -120.2% |
| Non controlling interests | 56 | 56 | 49 | -12.5% | -12.5% |
| EBITDA | (3,629) | (12,630) | 10,829 | -185.7% | -398.4% |
| Loss for the period | (9,909) | (20,175) | 2,064 | -110.2% | -120.8% |
| Income tax and social contribution | (3,988) | (2,321) | 735 | -131.7% | -118.4% |
| Financial income, net | 1,326 | 1,613 | 517 | -67.9% | -61.0% |
| Depreciation and amortization | 8,942 | 8,253 | 7,513 | -9.0% | -16.0% |
| <i>EBITDA Margin %</i> | <i>-2.8%</i> | <i>-8.2%</i> | <i>7.4%</i> | <i>15.6%</i> | <i>10.2%</i> |
| Nº of shares in capital stock (th) | 68,758 | 62,858 | 62,858 | 0.0% | -8.6% |
| Profit (loss) per share - R\$ | (0.14) | (0.32) | 0.03 | -110.0% | -122.1% |

Consolidated Cash Flow Statement

(R\$ thousand)

| | 1Q16 | 4Q16 | 1Q17 |
|--|-----------------|-----------------|-----------------|
| Cash from operating activities | | | |
| Net Income | (13,897) | (22,498) | 2,799 |
| Financial expenses and exchange gain | 3,434 | 2,526 | 2,478 |
| Depreciation and amortization | 8,942 | 8,253 | 7,513 |
| Allowance for doubtful accounts and other receivables | 975 | (243) | 420 |
| Proceeds from sale of fixed assets and intangibles | (269) | 1,173 | (297) |
| Provision for inventory realization | 309 | (9,776) | (2,475) |
| Reserve for contingencies | (16) | 4,851 | (3,511) |
| Change on operating assets and liabilities | | | |
| Financial Investments | (16,437) | (628) | (534) |
| Trade accounts receivable | 14,118 | 9,193 | (18,130) |
| Onlending of Finame manufacturer financing | 10,711 | 12,914 | 16,305 |
| Inventories | (2,410) | 17,047 | 17,028 |
| Recoverable taxes, net | (1,567) | (2,566) | 3,642 |
| Escrow deposits | (71) | 254 | (578) |
| Other receivables | 3,659 | 5,261 | (1,430) |
| Trade accounts payable | 7,626 | (2,631) | (7,519) |
| Payroll and related taxes | 3,556 | (11,215) | 4,641 |
| Taxes payable | 86 | 1,282 | (1,252) |
| Advances from customers | (9,100) | 848 | (122) |
| Other payables | (3,772) | (8,075) | 1,043 |
| Cash provided by (used in) operating activities | 5,877 | 5,970 | 20,021 |
| Income tax and social contribution paid | (629) | (516) | (842) |
| Net Cash provided by (used in) operating activities | 5,248 | 5,454 | 19,179 |
| Purchase of fixed assets | (2,425) | (2,762) | (3,394) |
| Sales of fixed assets | 664 | 671 | 494 |
| Increase in intangible assets | (87) | (257) | (671) |
| Net cash Used in Investing Activities | (1,848) | (2,348) | (3,571) |
| Interest on capital paid | (819) | - | (113) |
| Share Repurchase | (522) | - | - |
| New loans and financing | 14,992 | 9,076 | 1,801 |
| Payments of loans and financing | (13,312) | (14,323) | (12,823) |
| Interests paid (including Finame manufacturer financing) | (5,512) | (4,819) | (5,020) |
| New loans in Finame manufacturer | 7,018 | 7,622 | 4,759 |
| Payment of Finame manufacturer financing | (24,275) | (19,188) | (18,497) |
| Net Cash provided by (used in) Financing Activities | (22,430) | (21,632) | (29,893) |
| Decrease in cash and cash equivalents | (19,030) | (18,526) | (14,285) |
| Exchange variation changes on cash and cash equivalents abroad | (290) | 518 | (11) |
| Cash and cash equivalents - beginning of period | 141,918 | 119,518 | 101,510 |
| Cash and cash equivalents - end of period | 122,598 | 101,510 | 87,214 |

Annex I – DRE by Business Unit

Income Statement by Business Units - 1Q17

| R\$ 000 | Romi Machines | Burkhardt + Weber Machines | Raw and Machined Cast Iron | Total |
|--|------------------|----------------------------------|----------------------------------|------------------|
| Net Operating Revenue | 59,313 | 29,869 | 57,343 | 146,525 |
| Cost of Sales and Services | (37,563) | (23,479) | (49,239) | (110,281) |
| Business Units Transfers | 1,500 | - | 1,529 | 3,030 |
| Business Units Transfers | (1,529) | - | (1,500) | (3,030) |
| Gross Profit | 21,721 | 6,390 | 8,133 | 36,244 |
| <i>Gross Margin %</i> | <i>36.6%</i> | <i>21.4%</i> | <i>14.2%</i> | <i>24.7%</i> |
| Operating Expenses | (20,461) | (6,452) | (6,015) | (32,928) |
| Selling | (10,842) | (2,497) | (1,320) | (14,659) |
| General and Administrative | (5,067) | (3,955) | (3,884) | (12,906) |
| Research and Development | (4,052) | - | - | (4,052) |
| Management profit sharing | (642) | - | (811) | (1,453) |
| Other operating revenue | 142 | - | - | 142 |
| Operating Income before Financial Results | 1,260 | (62) | 2,118 | 3,316 |
| <i>Operating Margin %</i> | <i>2.1%</i> | <i>-0.2%</i> | <i>3.7%</i> | <i>2.3%</i> |
| Depreciation and amortization | 3,174 | 1,334 | 3,005 | 7,513 |
| EBITDA | 4,434 | 1,272 | 5,123 | 10,829 |
| <i>EBITDA Margin %</i> | <i>7.5%</i> | <i>4.3%</i> | <i>8.9%</i> | <i>7.4%</i> |

Income Statement by Business Units - 1Q16

| R\$ 000 | Romi Machines | Burkhardt + Weber Machines | Raw and Machined Cast Iron | Total |
|--|------------------|----------------------------------|----------------------------------|------------------|
| Net Operating Revenue | 67,574 | 21,727 | 40,510 | 129,810 |
| Cost of Sales and Services | (44,562) | (21,420) | (37,600) | (103,582) |
| Business Units Transfers | 1,450 | - | 3,324 | 4,774 |
| Business Units Transfers | (3,324) | - | (1,450) | (4,774) |
| Gross Profit | 21,138 | 307 | 4,784 | 26,227 |
| <i>Gross Margin %</i> | <i>31.3%</i> | <i>1.4%</i> | <i>11.8%</i> | <i>20.2%</i> |
| Operating Expenses | (25,837) | (8,762) | (4,200) | (38,799) |
| Selling | (11,309) | (2,830) | (839) | (14,978) |
| General and Administrative | (10,247) | (5,932) | (2,983) | (19,162) |
| Research and Development | (4,134) | - | - | (4,134) |
| Management profit sharing | (808) | - | (378) | (1,186) |
| Other operating revenue | 661 | - | - | 661 |
| Operating Income before Financial Results | (4,699) | (8,455) | 584 | (12,571) |
| <i>Operating Margin %</i> | <i>-7.0%</i> | <i>-38.9%</i> | <i>1.4%</i> | <i>-9.7%</i> |
| Depreciation and amortization | 3,791 | 1,807 | 3,344 | 8,942 |
| EBITDA | (908) | (6,648) | 3,928 | (3,629) |
| <i>EBITDA Margin %</i> | <i>-1.3%</i> | <i>-30.6%</i> | <i>9.7%</i> | <i>-2.8%</i> |

Annex II – Financial Statements of B+W

Balance Sheet B+W

| | (€ 000) | | |
|--|---------------|---------------|---------------|
| ASSETS | 03/31/16 | 12/31/16 | 03/31/17 |
| CURRENT | 17,134 | 23,072 | 24,567 |
| Cash and Cash equivalents | 91 | 2,897 | 1,683 |
| Trade accounts receivable | 6,773 | 5,863 | 6,431 |
| Inventories | 9,108 | 13,193 | 15,009 |
| Recoverable taxes | 966 | 745 | 987 |
| Related Parties | 34 | 219 | 181 |
| Other receivables | 162 | 155 | 275 |
| | - | - | - |
| NONCURRENT | 28,367 | 27,201 | 26,859 |
| Long-Term Assets | - | - | - |
| Other receivables | - | - | - |
| Investments | | | |
| Property, Plant and Equipment, net | 15,639 | 14,911 | 14,717 |
| Investment in Subsidiaries and Associate Companies | 24 | 46 | 46 |
| Intangible assets | 12,704 | 12,244 | 12,096 |
| TOTAL ASSETS | 45,501 | 50,274 | 51,426 |
| | | | |
| LIABILITIES AND SHAREHOLDER'S EQUITY | 03/31/16 | 12/31/16 | 03/31/17 |
| CURRENT | 9,974 | 15,935 | 17,355 |
| Loans and financing | 1,799 | - | - |
| Trade accounts payable | 545 | 1,166 | 1,347 |
| Payroll and related taxes | 800 | 551 | 1,183 |
| Taxes payable | 146 | 157 | - |
| Advances from customers | 4,817 | 12,515 | 13,084 |
| Other payables | 1,844 | 1,447 | 1,588 |
| Related Parties | 24 | 98 | 153 |
| | - | - | - |
| NON CURRENT | 9,313 | 8,521 | 8,338 |
| Long-term liabilities | - | - | - |
| Loans and financing | 4,317 | 3,659 | 3,520 |
| Deferred income and social contribution taxes | 4,996 | 4,862 | 4,817 |
| | - | - | - |
| SHAREHOLDER'S EQUITY | 26,213 | 25,818 | 25,733 |
| Capital | 7,025 | 7,025 | 7,025 |
| Capital reserve | 505 | 505 | 505 |
| Accumulated deficit | 18,683 | 18,288 | 18,203 |
| | - | - | - |
| TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY | 45,501 | 50,274 | 51,426 |

B+W Income Statement

| | (€ 000) | | |
|--|----------------|----------------|----------------|
| | 1Q16 | 4Q16 | 1Q17 |
| Net Operating Revenue | 5,052 | 9,360 | 8,937 |
| Cost of Goods Sold | (4,971) | (7,238) | (7,026) |
| Gross Profit | 81 | 2,122 | 1,911 |
| <i>Gross Margin %</i> | <i>1.6%</i> | <i>22.7%</i> | <i>21.4%</i> |
| Operating Expenses | (2,034) | (1,454) | (1,926) |
| Selling expenses | (665) | (593) | (747) |
| General and administrative expenses | (1,369) | (861) | (1,179) |
| Operating Income before Financial Results | (1,953) | 668 | (15) |
| <i>Operating Margin %</i> | <i>-38.7%</i> | <i>7.1%</i> | <i>-0.2%</i> |
| Financial Results, Net | (30) | (58) | (105) |
| Operations Operating Income | (1,983) | 610 | (120) |
| Income tax and social contribution | 573 | (321) | 35 |
| Net income | (1,410) | 289 | (85) |
| <i>Net Margin %</i> | <i>-27.9%</i> | <i>3.1%</i> | <i>-1.0%</i> |
| EBITDA | (1,425) | 1,175 | 492 |
| Net income / loss for the period | (1,410) | 289 | (85) |
| Income tax and social contribution | (573) | 321 | (35) |
| Financial income, net | 30 | 58 | 105 |
| Depreciation and amortization | 528 | 507 | 507 |
| <i>EBITDA Margin %</i> | <i>-28.2%</i> | <i>12.6%</i> | <i>5.5%</i> |

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