



February 6, 2018 4Q17 Earnings Release

December 31, 2017

Share Price

ROMI3 - R\$ 8.05 per share (02/05/2018)

Market Capitalization

R\$ 506.0 million
R\$ 156.4 million

Number of shares

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

Free Float = 45.6%

Investor Relations Contact

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February 7, 2018

Earnings Conference Call

Time: 10:30 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)
2:00 pm (London)
9:00 am (New York)
Dial-in numbers:
USA +1 (800) 492-3904
Brazil +55 (11) 3193-1001
Other + 1 (646) 828-8246
Access Code: Romi

Santa Bárbara d'Oeste - SP, February 6, 2018 - Indústrias Romi S.A. ("Romi" or "Company") (B3:ROMI3), domestic market leader in the Machine Tools and Plastic Processing Machines markets, as well as an important producer of Raw and Machined Cast Iron Parts, announces its results for the fourth quarter of 2017 ("4Q17"). Except where otherwise stated, the Company's operating and financial information is presented on a consolidated basis, in accordance with International Financial Reporting Standards (IFRS).

Highlights

Operating margins are still evolving and EBITDA reaches 14.9% in 4Q17

- Romi Machines Business Unit, in 4Q17, reached an EBITDA margin of 14.9%, an improvement of 42.8% percentage points compared with 4Q16, as a result of the operating adjustments, reduction of costs and expenses and mix of products;
- B+W Machines Business Unit posted, in 12M17, an increase in gross and EBITDA margins of 6.2 and 10.6 percentage points, respectively, when compared with the same period of 2016, due to the greater production volume and net operating revenue;
- In 4Q17, compared with the same period of 2016, the Raw and Machined Cast Iron Parts Business Unit reported a growth of 8.3 percentage points in EBITDA margin, as a result of the improvements in this business unit's operational efficiency.
- The Company's net debt reached R\$1.9 million at December 31, 2017, showing a decrease of R\$75.5 million during 2017.
- The orders entry in 4Q17, when compared with 4Q16, reported a growth of 9.7%, with highlight to the Romi Machines and Raw and Machined Cast Iron Parts Business Units.
- On January 29, 2018, the Company filed an inquiry with the Brazilian Securities and Exchange Commission (CVM) requesting CVM's position on the accounting treatment regarding the effect of the Federal Supreme Court ("STF") decision on the inclusion of ICMS (state VAT) on sales in the calculation basis of Pis and Cofins (taxes on revenue). Further details are provided in the "Inquiry with the Regulatory Agency - CVM" section of this report.

R\$'000	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg.	Chg.	2016	2017	Chg.
				4Q17/3Q17	4Q17/4Q16			2017/2016
Revenues Volume								
Machines (units)	214	195	246	26.2%	15.0%	748	744	-0.5%
Burkhardt + Weber (units)	7	5	8	60.0%	14.3%	17	25	47.1%
Raw and Machined Cast Iron Parts (tons)	5,174	5,773	4,172	-27.7%	-19.4%	20,403	21,996	7.8%
Net Operating Revenue	153,730	168,018	194,555	15.8%	26.6%	586,917	672,873	14.6%
Gross margin (%)	16.2%	28.9%	29.5%			19.9%	28.2%	-
Operating Income (EBIT)	(20,883)	14,375	21,272	48.0%	201.9%	(44,434)	51,265	215.4%
Operating margin (%)	-13.6%	8.6%	10.9%			-7.6%	7.6%	-
Net Income	(20,175)	9,122	14,852	62.8%	173.6%	(39,469)	37,954	196.2%
Net margin (%)	-13.1%	5.4%	7.6%			-6.7%	5.6%	-
EBITDA	(12,630)	21,877	28,948	32.3%	329.2%	(10,049)	81,520	911.2%
EBITDA margin (%)	-8.2%	13.0%	14.9%			-1.7%	12.1%	-
Investments	3,027	5,115	15,445	202.0%	410.2%	25,258	29,432	16.5%

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 B3's "New Market", which is reserved for companies with a higher level of corporate governance. Romi manufactures machine tools (Conventional Lathes, CNC - Computerized Numerical Control Lathes, Lathing Centers, Machining Centers, Vertical and Horizontal Heavy and Extra-Heavy Lathes and Drilling Mills), Plastic Injection or Blow Molding Machines, and ductile or CDI gray cast iron parts, which may be supplied in raw or machined form. The Company's products and services are sold around the world and used by various industrial segments, such as the automotive (light and heavy), agricultural machinery, capital goods, consumer goods, tools, hydraulic equipment and wind power industries, among many others.

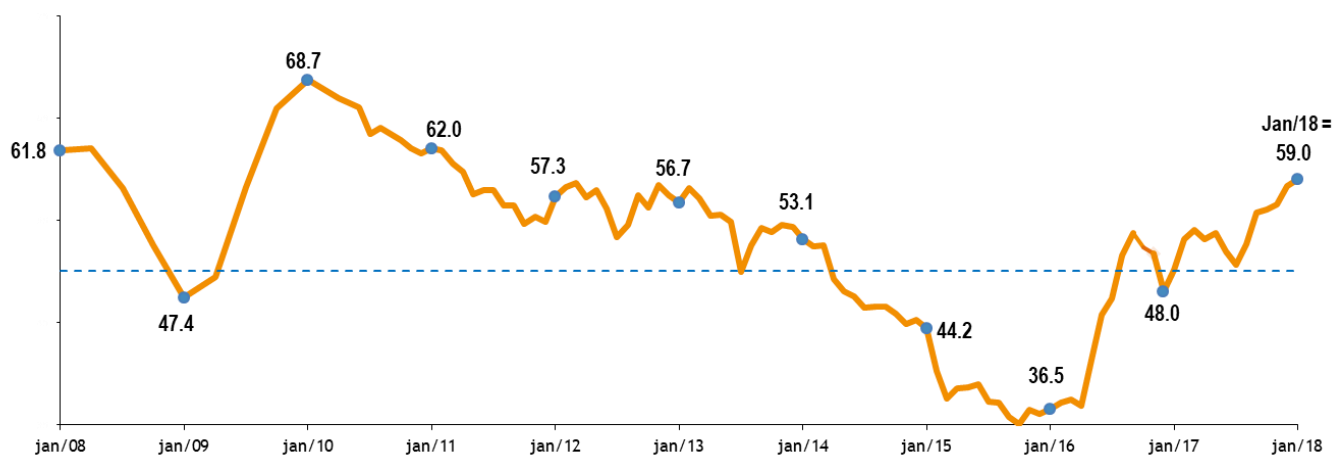
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil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

Current Economic Scenario

The year 2017 is still showing a poor economic activity and high volatility, although some macroeconomic data point to a possible recovery of the Brazilian economy, such as improvements in levels of confidence when compared to January 2017 and the improvements of the installed capacity utilization, presented below. These improvements in macroeconomic data have not yet materialized in full in the order entry volume of the Romi Machines Business Unit, although it is possible to notice a more significant development in the Raw and Machined Cast Iron Parts unit, in the commercial automotive and agriculture segments.

In January 2018, the Industrial Entrepreneur Confidence Index (ICEI) reached 59.0, after reaching its lowest level in early 2016, of 36.5 points, as shown below.

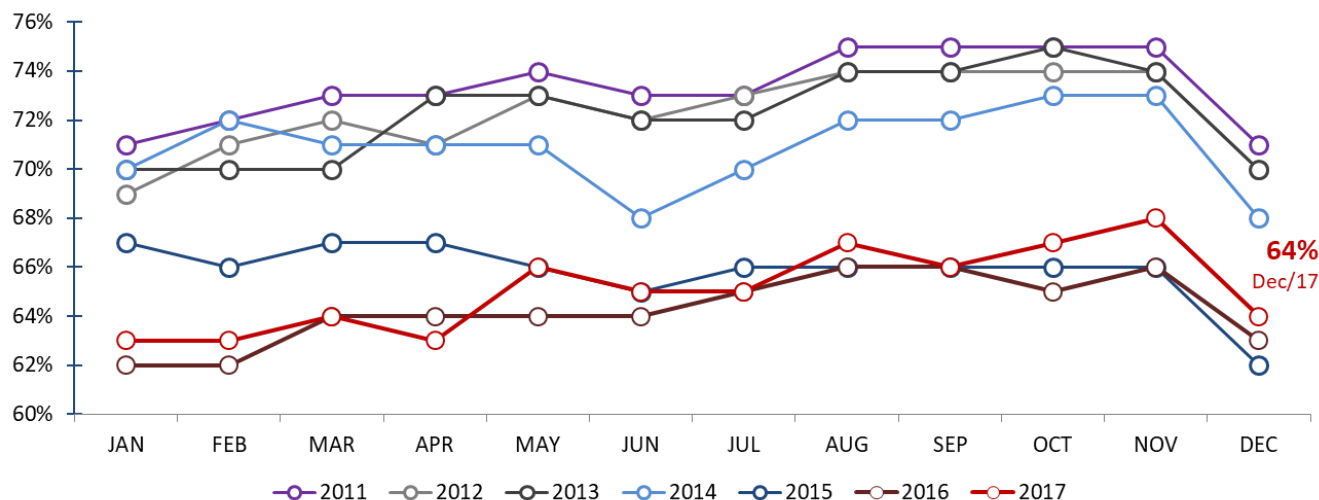
Industrial Entrepreneur Confidence Index - ICEI



Source: CNI - UCI, January 2018.

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

Average installed capacity utilization



Source: CNI - ICEI, December 2017.

Romi continues to take actions to streamline its structure and the planning and manufacturing process, and respond quickly to the volatility of demand. During the past years we have carried out a number of additional optimizations, mainly on indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability in 2017, even in a scenario of poor economic activity. The impacts of these measures can be noted in the Company's profitability levels, which presented a significant development in 2017.

Market

The Company's main competitive advantages in the market – products with cutting-edge technology, own nationwide distribution network in the country, own 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)	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16	2016	2017	Chg. 2017/2016
Gross Values, sales taxes included								
Romi Machines	55,612	72,806	70,195	-3.6%	26.2%	242,556	282,594	16.5%
Burkhardt+Weber Machines	30,679	41,090	22,211	-45.9%	-27.6%	169,600	116,094	-31.5%
Rough and Machined Cast Iron Parts	49,194	40,238	56,269	39.8%	14.4%	210,516	212,493	0.9%
Total	135,485	154,134	148,675	-3.5%	9.7%	622,671	611,181	-1.8%

The order entry volume in Romi Machines Business Unit in 4Q17 was 26.2% higher than in 4Q16, due to the increased presence of new machines in the domestic and international markets.

At the German subsidiary B+W the order entry volume in 4Q17 was 27.6% lower against 4Q16. The number of projects currently in progress and the order entry volume are within the normal range and allow us to keep the good expectation of continuous resuming the normal profitability levels shown during 2017.

Raw and Machined Cast Iron Parts unit presented in 4Q17 an order entry volume 14.4% higher when compared to 4Q16 and 39.8% against 3Q17, chiefly due to the increase in the volume of orders of parts for the automotive business segment and the concentration of certain orders for large raw and machined cast iron parts to the wind power generation sector. However, as already commented in previous releases, the demand for parts for the wind energy sector has gradually reduced, due to the lower volume of auctions of new facilities in recent years.

Order Book (R\$ 000)	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16
Gross Values, sales taxes included					
Romi Machines	53,339	90,189	71,745	-20.5%	34.5%
Burkhardt+Weber Machines	125,774	141,676	118,624	-16.3%	-5.7%
Rough and Machined Cast Iron Parts	72,943	37,595	51,279	36.4%	-29.7%
Total *	252,057	269,460	241,648	-10.3%	-4.1%

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

At December 31, 2017, the order backlog totaled R\$241.6 million, 4.1% lower than in the same period last year. The increase in the backlog at the end of 4Q17 in Romi Machines Unit when compared with 4Q16 is mainly due to the increase in the volume of new machines orders in the domestic and international markets.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 4Q17 reached R\$ 194.6 million, 15.8% and 26.6% higher than in 3Q17 and 4Q16, respectively. This increase is chiefly due to the higher revenue volume of the Burkhardt + Weber Machines Business Unit, which in 4Q17, when compared to 4Q16, increased 81.5%.

By Business Unit

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16	2014	2015	Chg. 2017/2016
Romi Machines	67,197	72,084	96,124	33.3%	43.0%	262,982	292,632	11.3%
Burkhardt+Weber Machines	33,050	41,774	60,002	43.6%	81.5%	114,861	165,980	44.5%
Raw and Machined Cast Iron Parts	53,483	54,160	38,429	-29.0%	-28.1%	209,074	214,260	2.5%
Total	153,730	168,018	194,555	15.8%	26.6%	586,917	672,872	14.6%

Romi Machines

The net operating revenue of this Business Unit reached R\$96.1 million in 4Q17, posting an increase of 43.0% when compared with the same period in 2016. The foreign markets revenue continue demonstrating strength, as well as the products mix, with a composition of higher added value machines being the main reasons for this growth.

Burkhardt+Weber Machines

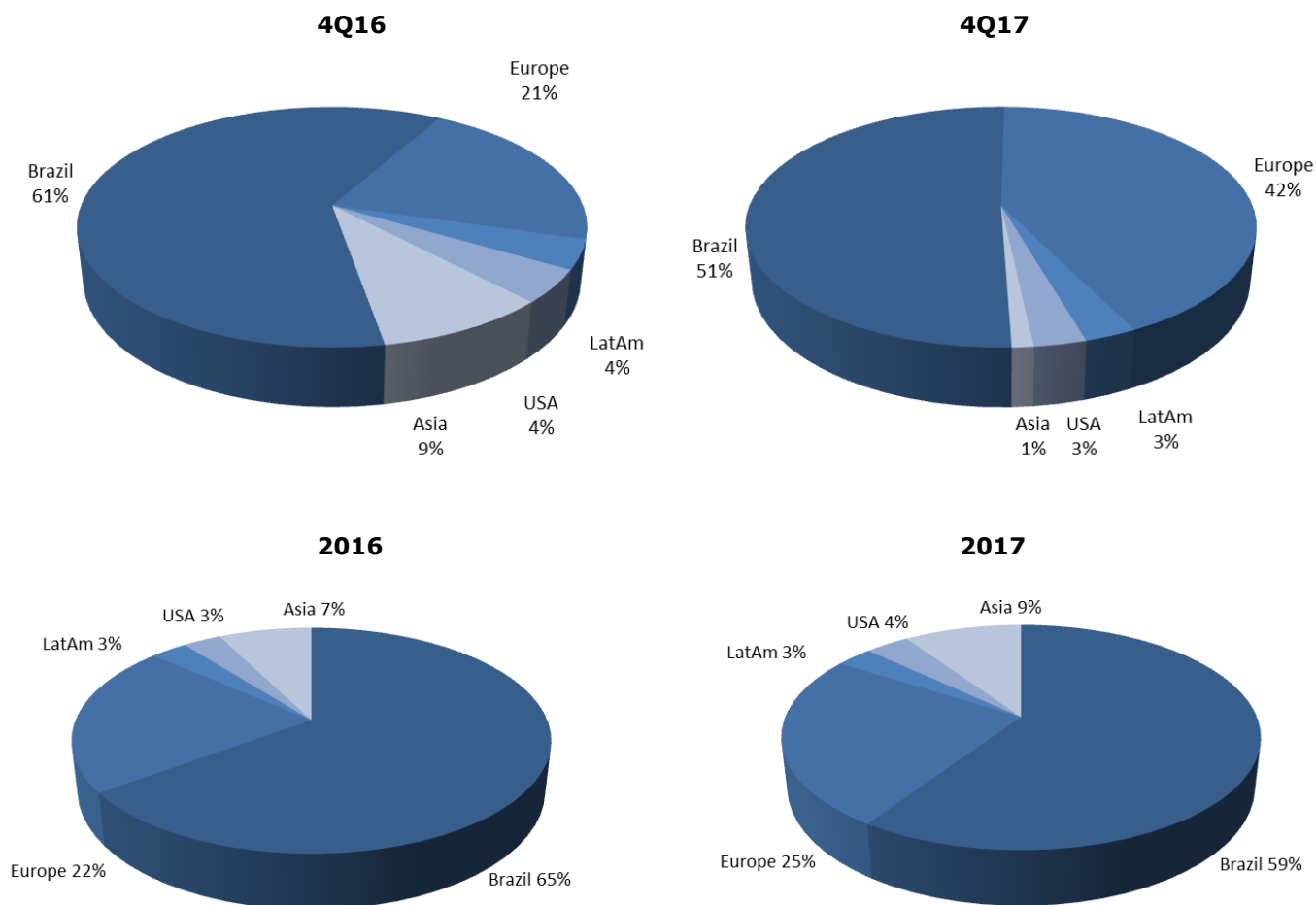
The revenue of the German subsidiary B + W posted an increase of 81.5% in 4Q17, compared with 4Q16, showing that the revenue has been reflecting the solid order entry and backlog.

Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit amounted to R\$38.4 million in 4Q17, representing a 28.1% reduction compared to the same period last year, chiefly due to the reduction in the volume of orders for large raw and machined cast iron parts.

By Geographic Region

The domestic market accounted for 51% of Romi's consolidated revenue in 4Q17, ten percentage points lower than in 4Q16. Considering the revenue in foreign markets, which considers sales by Romi subsidiaries abroad (Germany, China, United States, Italy, United Kingdom, France, Mexico and Spain) and direct sales to other markets. The distribution of Romi's total revenue by geographic region was the following:



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

Foreign Sales	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16	2016	2017	Chg. 2017/2016
Net Sales (R\$ million)	59.9	68.2	93.5	37.0%	55.9%	208.3	271.8	30.5%
Net Sales (US\$ million)	18.4	21.5	28.3	31.2%	53.6%	63.1	83.8	32.8%

OPERATING COSTS AND EXPENSES

The gross margin obtained in 4Q17, of 29.5%, posted an increase of 13.3 percentage points in relation to 4Q16, as well as the operating margin (EBIT), which in 4Q17, when compared to 4Q16, posted a growth of 24.5 percentage points, with development in all Business units, chiefly due to following main factors: (i) operational adjustments in the parent company; (ii) reduction of costs and expenses; and (iii) better production volume in the German subsidiary B+W.

	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg. p.p. 4Q17/3Q17	Chg. p.p. 4Q17/4Q16	2016	2017	Chg. pp 2017/2016
Gross Margin								
Romi Machines	19.0%	33.9%	36.0%	2.1	17.0	26.9%	35.8%	6.1
Burkhardt+Weber Machines	22.7%	22.5%	25.7%	3.2	3.0	16.1%	22.3%	7.0
Raw and Machined Cast Iron Parts	8.6%	27.1%	19.3%	(7.9)	10.7	13.2%	22.3%	8.2
Total	16.2%	28.9%	29.5%	0.6	13.3	19.9%	28.2%	6.4

	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg. p.p. 4Q17/3Q17	Chg. p.p. 4Q17/4Q16	2016	2017	Chg. pp 2017/2016
EBIT Margin								
Romi Machines	-33.1%	6.0%	11.7%	5.7	44.8	-15.9%	6.8%	14.5
Burkhardt+Weber Machines	7.1%	3.1%	13.4%	10.3	6.3	-7.6%	4.8%	13.6
Raw and Machined Cast Iron Parts	-1.9%	16.2%	5.2%	(11.0)	7.1	3.0%	10.9%	7.4
Total	-13.6%	8.6%	10.9%	2.4	24.5	-7.6%	7.6%	11.7

Romi Machines

Gross and operating margins of this Business Unit in 4Q17 posted an increase of 6.1 and 14.5 percentage points when compared to 4Q16, due to operational adjustments made in 2016, the improvement in the product mix (more new machines vs. semi-new machines) and timely control and monitoring of operating expenses.

Burkhardt+Weber Machines

In this Business Unit, the gross margin in 4Q17 was 25.7%, which represents an increase of 3.0 percentage points compared to 4Q16. In the same period of comparison, the operating margin also showed an increase of 6.3 percentage points. These developments on the margins occurred chiefly due to the higher production volume along 2017, which allowed a better dilution of fixed costs and expenses.

Raw and Machined Cast Iron Parts

Gross and operating margins of this Business Unit presented growth of 10.7 and 7.1 percentage points in 4Q17 when compared to 4T16. Projects focused on operational efficiency, and strategy to add more value to products were the main reasons for the development in the margins.

EBITDA AND EBITDA MARGIN

In 4Q17, the operating cash generation as measured by EBITDA amounted to R\$28.9 million, representing an EBITDA margin of 14.9% in the quarter, as shown in the table below:

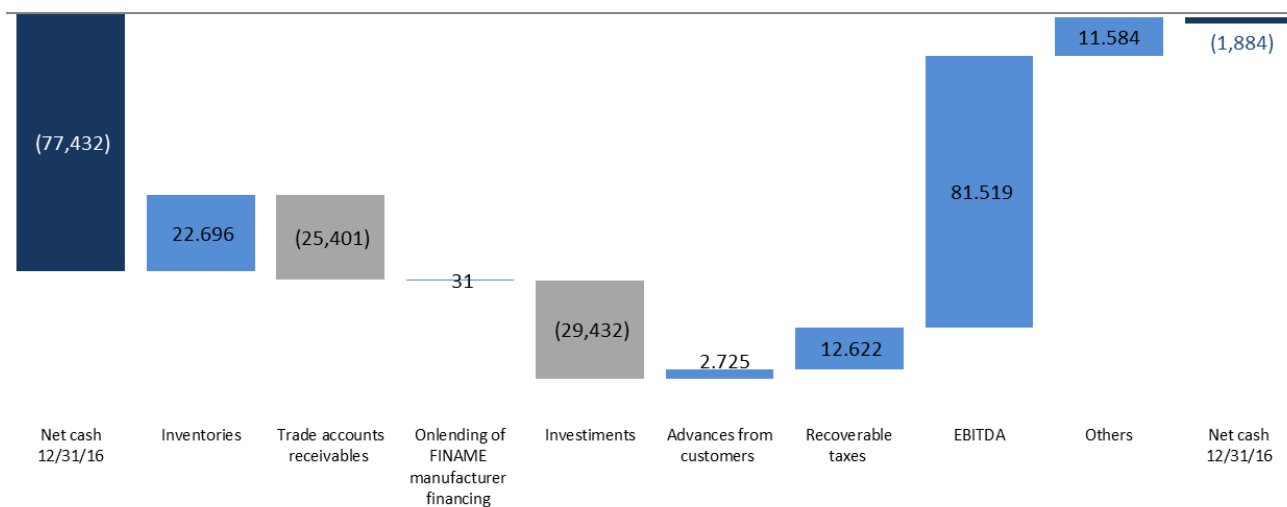
Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16	2016	2017	Chg. 2017/2016
Net Income	(20,175)	9,122	14,852	-23.4%	-299.1%	(39,469)	37,954	-196.2%
Income tax and social contributions	(2,321)	4,295	7,787	-0.6%	-334.3%	(8,748)	17,139	-295.9%
Net Financial Income	1,613	958	(1,367)	-124.3%	-162.1%	3,783	(3,829)	-201.2%
Depreciation and amortization	8,253	7,502	7,676	-0.8%	-11.9%	34,385	30,255	-12.0%
EBITDA	(12,630)	21,877	28,948	10.1%	3834.7%	(10,049)	81,519	-911.2%
EBITDA Margin	-8.2%	13.0%	14.9%	0.07	34.90	-1.7%	12.1%	8.08
Total Net Operating Revenue	153,732	168,018	194,555	2.6%	9.6%	586,917	672,873	14.6%

PROFIT FOR THE PERIOD

The profit for the period amounted to R\$14.9 million in 4Q17, representing a net margin of 7.6%.

Evolution of Net Cash (Debt) Position

The main variations occurred in the net debt position during 4Q17 are described below in R\$'000:



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

Trade accounts receivable

The increase in the balance of trade accounts receivable is chiefly due to the increase in the volume of Romi machinery exports, sale of raw and machined cast iron parts and of the German subsidiary Burkhardt + Weber.

Investments

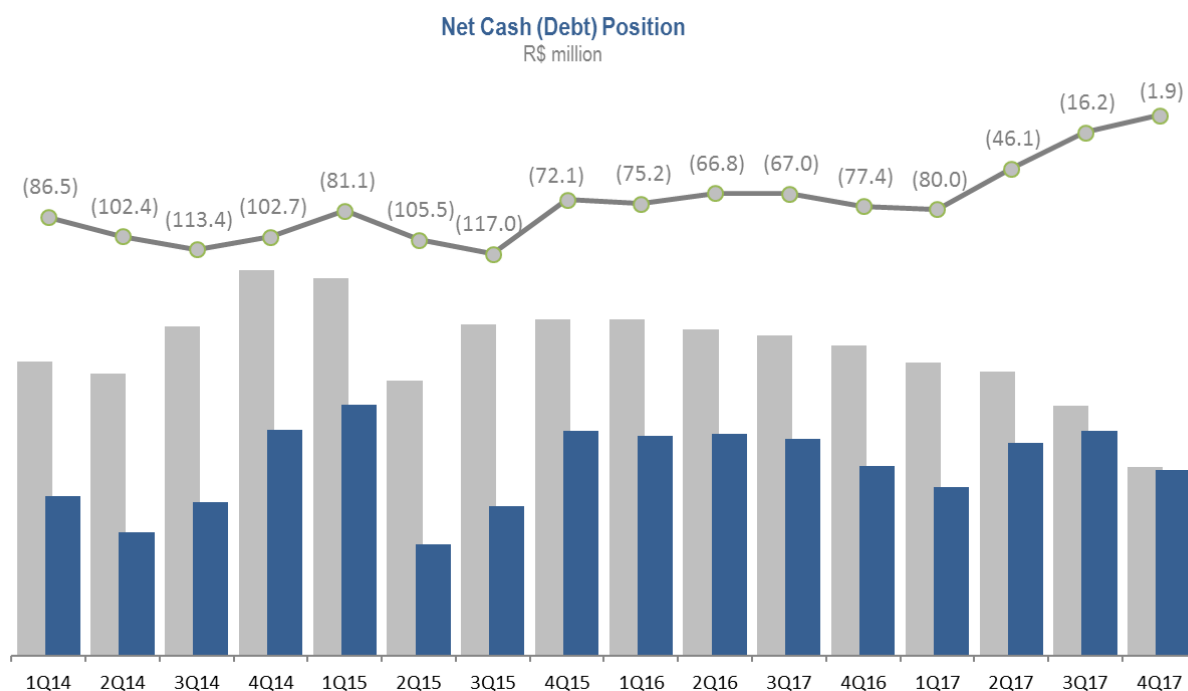
Investments in 2017 totaled R\$29 million, with approximately R\$11 million intended for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Unit. This equipment will allow for the current process to be automated, making it more competitive, in addition to increasing the capacity and

quality in the delivery of medium raw and machined cast iron parts. The installation will continue throughout 2017, with production go-live planned for 2018. Other investment expenses were intended, in part, to the maintenance, productivity, flexibility and competitiveness of other units of the industrial park, within the investment plan foreseen for 2017.

Financial Position

Short-term investments, including those backed by debentures, are made with financial institutions with low credit risk and their yield is basically linked to the Interbank Certificate of Deposit (CDI). The consolidated net cash position (debt) at December 31, 2017 was R\$1.9 million.

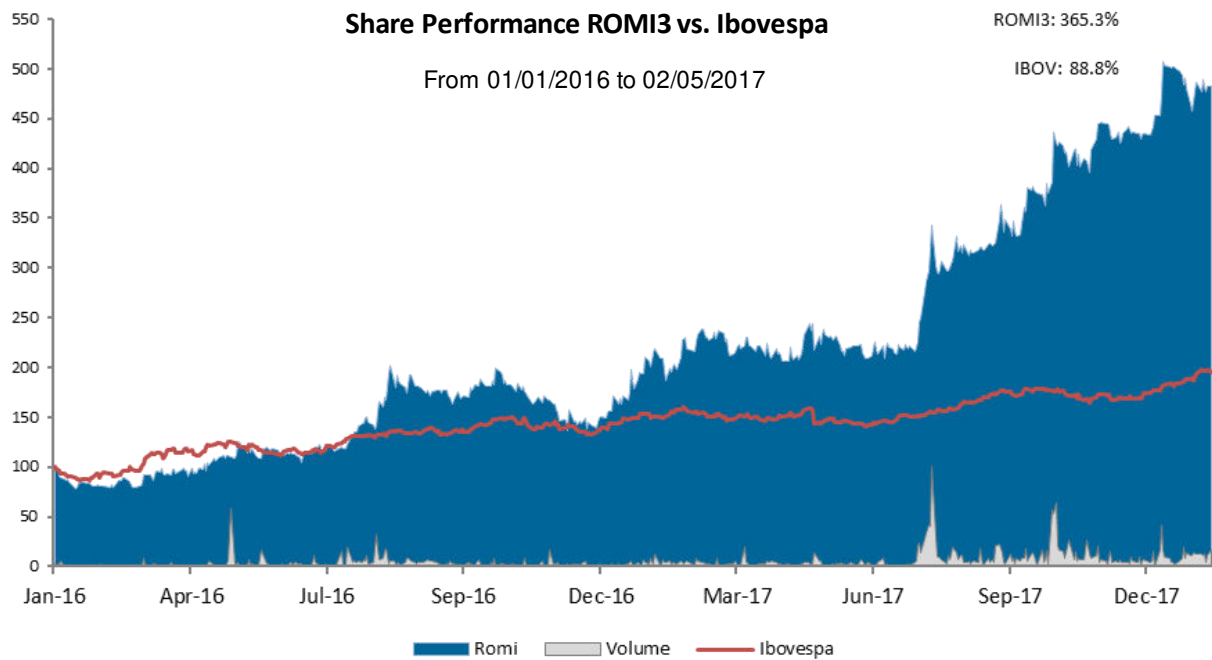
The Company's borrowings are used mainly in investments in the modernization of the industrial facilities, research and development of new products and financing of exports and imports. As at December 31, 2017, the amount of financing in local currency was R\$108.9 million, and foreign currency, R\$12.3 million, totaling R\$121.2 million.



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

As at December 31, 2017, the Company did not have any derivative transactions.

Capital Market



Source: B3.

On February 05, 2018 the Company's common shares (ROMI3), which were quoted at R\$8.05, posted appreciation of 203.8% since December 31, 2016 and 365.3% since December 31, 2016. Ibovespa recorded appreciation of 37.4% and 88.8% in the same period.

The Company's market capitalization on February 05, 2018 was R\$506.0 million. The average daily trading volume during 4Q17 was R\$1,160.9 thousand.

Inquiry with the Regulatory Agency - CVM

On January 29, 2018, the Company filed an inquiry with the Brazilian Securities and Exchange Commission (CVM), requesting CVM's position on the accounting treatment regarding the inclusion of ICMS (state VAT) on sales in the calculation basis of PIS and Cofins (taxes on revenue), as announced to the market by the Company on January 30, 2018.

This matter has been subject to disclosure by the Company in the notes to the Quarterly Information and to the Financial Statements, as reproduced below, extracted from Note 14 - Provision for tax, labor and civil risks, disclosed to the market on February 6, 2018.

Tax lawsuits

Refer to legal obligations related to:

PIS and COFINS (taxes on revenue) on ICMS (state VAT) on sales in the amount of R\$ 9,585 (R\$ 9,020 at December 31, 2016) and R\$ 44,151 (R\$ 39,532 at December 31, 2016) respectively.

On October 24, 2016, the Company filed a lawsuit challenging the constitutionality of the PIS and COFINS related to ICMS on sales. On March 15, 2017, when judging the Interlocutory Appeal No. 574,706/PR, under the general repercussion model, the Federal Supreme Court (STF), by majority vote, decided that the ICMS is not included in the PIS and COFINS calculation basis, since that is destined to the State Government and is not considered a billing. However, on October 19, 2017, the Office of Attorney-General of the National Treasury (PGFN) presented Motion for Clarification in view of the Court Decision published on October 2, 2017, by the STF. In such motion, PGFN requires the clarification of alleged errors present in the Court Decision, and the most significant are presented below: (i) material error regarding the analysis on concepts of gross and net revenues brought by Law 6,404/76; (ii) lack of clarity on the ICMS to be excluded (whether the amount calculated or paid), which impacts on the valuation of tax credit to recover as well as the future exclusion procedure; and (iii) the structure of the judgment effects. The analysis of the motions to clarify by the STF, which can be subject to modificatory effects, and the respective publishing of the final and unappealable decision were pending to the date of this report. In view of the current uncertainty situation regarding the final outcome of the matter, Management believes that is not possible to conclude on the taxpayer's right to the credits, nor measure the definite amounts, reasons that led the decision to not recognize any gains on this lawsuit in the financial statements. As at December 31, 2017, the amount recorded in the financial statements as payables for tax risks, in noncurrent liabilities, was R\$ 53,736, and the respective judicial deposits made by the Company on this lawsuit amounted to R\$ 46,741 on the same date. When there is a final decision favorable to taxpayers and its measurement becomes possible, the Company will calculate the inflation adjustment of these amounts and the respective recognition will be made in profit or loss for the year. In case of a final decision unfavorable to taxpayers, the Company will not have material impacts on the profit for the year, since it elected to make judicial deposits for this lawsuit.

At the end of this reporting period, Management's best estimate for the inflation adjusted amount of this lawsuit was R\$ 87,600, of which R\$ 81,218 in judicial deposits and R\$ 6,656 in tax credits.

The Company's opinion, based on the accounting pronouncements issued by the Brazilian Accounting Pronouncements Committee and the International Accounting and Reporting Standards (IAS/IFRS), the possibility of determining the effects, where a time frame among several possible will be chosen, as well as the system to be used by taxpayers for the determination of credits, represent a significant uncertainty regarding its final outcome. Only the clarifications, which will possibly be brought after the judgment of Motions, will enable the analysis and conclusion on the likelihood of a favorable outcome and the respective necessary accounting impact. Therefore, in the current lawsuit stage, the Company is unable to assess which system will be adopted in determining the amount of PIS and COFINS payable and, consequently, the amount of tax credits. Accordingly, the Company believes that the liability amount as at December 31, 2017 should be maintained until the final outcome of the matter.

However, the understanding of our independent auditors, Ernst&Young, is that the provision should be reversed and, consequently as per December 31, 2017, the non-current asset and the total assets, parent company and consolidated, are presented R\$ 81,320 lower, while the net equity as per December 31, 2017 and the net profit are presented R\$ 53,671 lower, net of tax effects, as described on the restriction in the auditors opinion.

Consolidated Balance Sheet

(R\$ 000)

	ASSETS		LIABILITIES AND SHAREHOLDER'S EQUITY	
	12/31/16	09/30/17	12/31/16	09/30/17
CURRENT	622,443	633,631	290,889	320,205
Cash and Cash equivalents	101,510	128,420	99,435	108,208
Financial investments	20,831	16,592	67,177	54,261
Trade accounts receivable	94,216	117,583	34,482	34,387
Onlending of FINAME manufacturer financing	102,356	82,231	19,013	32,330
Inventories	264,587	263,327	2,596	2,578
Recoverable taxes	24,402	12,471	53,787	72,368
Other receivables	14,541	13,007	14,399	16,073
NON CURRENT			191,699	136,405
Trade accounts receivable	11,996	10,962		
Onlending of FINAME manufacturer financing	67,323	63,797	62,953	54,277
Recoverable taxes	777	645	25,853	27,635
Deferred income and social contribution taxes	57,984	55,109	539	539
Judicial Deposits	2,115	2,102	1,920	784
Other receivables	9,065	11,134	96	113
Investments			599,962	629,857
Property, Plant and Equipment	252,033	246,709	492,025	492,025
Investment Property	17,538	18,602	90,243	90,243
Intangible assets	42,846	45,271	-	22,847
			17,694	24,742
NON CONTROLLING INTERESTS			1,570	1,495
TOTAL SHAREHOLDER'S EQUITY	601,532	631,352	601,532	631,352
TOTAL ASSETS	1,084,120	1,087,962	1,084,120	1,087,962
			191,699	151,397
Loans and financing			100,338	53,057
FINAME manufacturer financing				
Deferred income and social contribution taxes				
Taxes payable				
Reserve for contingencies				
Other payables				
SHAREHOLDER'S EQUITY			599,962	641,969
Capital			492,025	492,025
Retained earnings			90,243	90,243
Profit for the period			-	22,847
Cumulative translation adjustments			17,694	24,742
NON CONTROLLING INTERESTS			1,570	1,531
TOTAL SHAREHOLDER'S EQUITY	601,532	631,352	601,532	631,352
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	1,084,120	1,087,962	1,084,120	1,087,962
TOTAL ASSETS	1,084,120	1,087,962	1,084,120	1,087,962

Consolidated Income Statement

(R\$ thousand)

	4Q16	3Q17	4Q17	Chg. 4Q17/3Q17	Chg. 4Q17/4Q16	2016	2017	Chg. 2017/2016
Net Operating Revenue	153,732	168,018	194,555	15.8%	26.6%	586,917	672,873	14.6%
Cost of Goods Sold	(128,836)	(119,448)	(137,106)	14.8%	6.4%	(469,921)	(483,236)	2.8%
Gross Profit	24,896	48,570	57,449	18.3%	130.8%	116,996	189,637	62.1%
<i>Gross Margin %</i>	<i>16.2%</i>	<i>28.9%</i>	<i>29.5%</i>	<i>4.2%</i>	<i>5.5%</i>	<i>19.9%</i>	<i>28.2%</i>	<i>0.0%</i>
Operating Expenses	(45,779)	(34,195)	(36,177)	5.8%	-21.0%	(161,430)	(138,372)	-14.3%
Selling expenses	(20,582)	(16,935)	(18,590)	9.8%	-9.7%	(72,846)	(67,736)	-7.0%
Research and development expenses	(6,282)	(4,112)	(4,186)	1.8%	-33.4%	(19,492)	(16,772)	-14.0%
General and administrative expenses	(16,445)	(12,175)	(13,539)	11.2%	-17.7%	(64,592)	(52,143)	-19.3%
Management profit sharing and compensation	(1,327)	(1,683)	(1,904)	13.1%	43.5%	(5,230)	(6,815)	30.3%
Other operating income, net	(1,143)	710	2,042	187.6%	-278.7%	730	5,094	597.8%
Operating Income before Financial Results	(20,883)	14,375	21,272	271.0%	-507.5%	(44,434)	51,265	-215.4%
<i>Operating Margin %</i>	<i>-13.6%</i>	<i>8.6%</i>	<i>10.9%</i>	<i>5.2%</i>	<i>9.5%</i>	<i>-7.6%</i>	<i>7.6%</i>	<i>0.0%</i>
Financial Results, Net	(1,613)	(958)	1,367	-861.5%	-264.9%	(3,783)	3,828	-201.2%
Financial income	4,940	4,098	2,995	-26.9%	-39.4%	20,773	15,822	-23.8%
Financial expenses	(5,248)	(4,220)	(2,915)	-30.9%	-44.5%	(19,458)	(14,840)	-23.7%
Exchange gain (loss), net	(1,305)	(836)	1,287	-253.9%	-198.6%	(5,098)	2,846	-155.8%
Operations Operating Income	(22,496)	13,417	22,639	68.7%	-200.6%	(48,217)	55,093	-214.3%
Income tax and social contribution	2,321	(4,295)	(7,787)	81.3%	-435.5%	8,748	(17,139)	-295.9%
Net income	(20,175)	9,122	14,852	62.8%	-173.6%	(39,469)	37,954	-196.2%
<i>Net Margin %</i>	<i>-13.1%</i>	<i>5.4%</i>	<i>7.6%</i>	<i>40.6%</i>	<i>-158.2%</i>	<i>-6.7%</i>	<i>5.6%</i>	<i>0.0%</i>
Net profit concerning:								
Controlling interests	(20,231)	9,083	14,816	63.1%	-173.2%	(39,695)	37,662	-194.9%
Non controlling interests	56	39	36	-7.7%	-35.7%	226	292	29.2%
EBITDA	(12,630)	21,877	28,948	32.3%	-329.2%	(10,045)	81,519	-911.5%
Profit (loss) for the period	(20,175)	9,122	14,852	62.8%	-173.6%	(39,465)	37,954	-196.2%
Income tax and social contribution	(2,321)	4,295	7,787	81.3%	-435.5%	(8,748)	17,139	-295.9%
Financial income, net	1,613	958	(1,367)	-242.7%	-184.7%	3,783	(3,829)	-201.2%
Depreciation and amortization	8,253	7,502	7,676	2.3%	-7.0%	34,385	30,255	-12.0%
<i>EBITDA Margin %</i>	<i>-8.2%</i>	<i>13.0%</i>	<i>14.9%</i>	<i>14.3%</i>	<i>-281.1%</i>	<i>-1.7%</i>	<i>12.1%</i>	<i>0.0%</i>
Nº of shares in capital stock (th)	62,858	62,858	62,858	0.0%	0.0%	62,858	62,858	0.0%
Profit (loss) per share - R\$	(0.32)	0.14	0.24	63.1%	-173.2%	(0.63)	0.60	-196.2%

Consolidated Cash Flow Statement

(R\$ thousand)

	4Q16	3Q17	4Q17	2016	2017
Cash from operating activities					
Net Income	(22,498)	13,417	22,638	(48,217)	55,093
Financial expenses and exchange gain	2,526	3,597	(9,715)	10,102	(3,944)
Depreciation and amortization	8,253	7,502	7,676	34,385	30,255
Allowance for doubtful accounts and other receivables	(243)	(2,199)	(956)	(2,515)	(2,638)
Proceeds from sale of fixed assets and intangibles	1,173	(1,110)	(1,137)	729	(5,151)
Provision for inventory realization	(9,776)	430	(6,719)	(14,579)	(11,190)
Reserve for contingencies	4,851	1,544	1,857	4,756	1,169
Change on operating assets and liabilities					
Financial Investments	(628)	(1,895)	(250)	(20,831)	3,989
Trade accounts receivable	9,193	1,279	(1,802)	24,318	(15,564)
Onlending of Finame manufacturer financing	12,914	5,842	(16,741)	51,537	6,708
Inventories	17,047	(6,716)	28,155	17,779	33,887
Recoverable taxes, net	(2,566)	3,488	6,172	(10,368)	21,179
Judicial deposits	254	(864)	(531)	186	(2,776)
Other receivables	5,261	5,942	3,136	12,763	8,564
Trade accounts payable	(2,631)	(759)	(928)	6,958	(1,087)
Payroll and related taxes	(11,215)	4,497	(4,405)	(1,102)	9,956
Taxes payable	1,282	(4,050)	(2,905)	(825)	(8,918)
Advances from customers	848	12,695	(15,856)	15,936	2,725
Other payables	(8,075)	(3,058)	1,330	(15,614)	2,851
Cash provided by (used in) operating activities	5,970	39,582	9,019	65,398	125,108
Income tax and social contribution paid	(516)	(535)	(463)	(1,049)	(2,038)
Net Cash provided by (used in) operating activities	5,454	39,047	8,556	64,349	123,070
Purchase of fixed assets	(2,762)	(5,104)	(16,094)	(24,993)	(29,432)
Sales of fixed assets	671	1,757	2,611	2,237	7,981
Increase in intangible assets	(257)	(11)	(5,040)	(333)	(5,747)
Net cash Used in Investing Activities	(2,348)	(3,358)	(18,523)	(23,089)	(27,198)
Interest on capital paid	-	(217)	-	(2,415)	(331)
Share Repurchase	-	-	-	(5,705)	-
New loans and financing	9,076	4,383	4,515	40,151	14,112
Payments of loans and financing	(14,323)	(25,737)	48,882	(50,794)	-
Interests paid (including Finame manufacturer financing)	(4,819)	(5,490)	(88,656)	(21,026)	(104,592)
New loans in Finame manufacturer	7,622	14,292	35,082	41,513	66,975
Payment of Finame manufacturer financing	(19,188)	(16,930)	(15,859)	(86,433)	(70,122)
Net Cash provided by (used in) Financing Activities	(21,632)	(29,699)	(16,036)	(84,709)	(93,958)
Increase (decrease) in cash and cash equivalents	(18,526)	5,990	(26,003)	(43,449)	1,914
Exchange variation changes on cash and cash equivalents abroad	518	(136)	93	378	(914)
Cash and cash equivalents - beginning of period	119,518	122,566	128,420	144,581	101,510
Cash and cash equivalents - end of period	101,510	128,420	102,510	101,510	102,510

Attachment I – DRE By Business Unit

Income Statement by Business Units - 4Q17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	96,125	60,002	38,429	194,556
Cost of Sales and Services	(56,760)	(44,595)	(35,751)	(137,106)
Business Units Transfers	743	-	5,475	6,218
Business Units Transfers	(5,475)	-	(743)	(6,218)
Gross Profit	34,633	15,407	7,410	57,450
<i>Gross Margin %</i>	<i>36.0%</i>	<i>25.7%</i>	<i>19.3%</i>	<i>29.5%</i>
Operating Expenses	(23,391)	(7,375)	(5,413)	(36,179)
Selling	(14,140)	(3,029)	(1,422)	(18,591)
General and Administrative	(6,029)	(4,346)	(3,165)	(13,540)
Research and Development	(4,186)	-	-	(4,186)
Management profit sharing	(1,078)	-	(826)	(1,904)
Other operating revenue	2,042	-	-	2,042
Operating Income before Financial Results	11,242	8,032	1,997	21,271
<i>Operating Margin %</i>	<i>11.7%</i>	<i>13.4%</i>	<i>5.2%</i>	<i>10.9%</i>
Depreciation and amortization	3,072	1,731	2,872	7,675
EBITDA	14,314	9,763	4,869	28,946
<i>EBITDA Margin %</i>	<i>14.9%</i>	<i>16.3%</i>	<i>12.7%</i>	<i>14.9%</i>

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
<i>Gross Margin %</i>	<i>19.0%</i>	<i>22.7%</i>	<i>8.6%</i>	<i>16.2%</i>
Operating Expenses	(35,018)	(5,152)	(5,615)	(45,785)
Selling	(17,097)	(2,099)	(1,386)	(20,582)
General and Administrative	(9,671)	(3,053)	(3,722)	(16,446)
Research and Development	(6,282)	-	-	(6,282)
Management profit sharing	(820)	-	(507)	(1,327)
Other operating revenue	(1,148)	-	-	(1,148)
Operating Income before Financial Results	(22,230)	2,345	(1,006)	(20,891)
<i>Operating Margin %</i>	<i>-33.1%</i>	<i>7.1%</i>	<i>-1.9%</i>	<i>-13.6%</i>
Depreciation and amortization	3,461	1,411	3,380	8,252
EBITDA	(18,769)	3,756	2,374	(12,639)
<i>EBITDA Margin %</i>	<i>-27.9%</i>	<i>11.4%</i>	<i>4.4%</i>	<i>-8.2%</i>

Income Statement by Business Units - 2017

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	292,633	165,980	214,260	672,873
Cost of Sales and Services	(176,602)	(128,925)	(177,708)	(483,236)
Business Units Transfers	5,017	-	16,225	21,242
Business Units Transfers	(16,225)	-	(5,017)	(21,242)
Gross Profit	104,822	37,055	47,761	189,637
<i>Gross Margin %</i>	<i>35.8%</i>	<i>22.3%</i>	<i>22.3%</i>	<i>28.2%</i>
Operating Expenses	(84,897)	(29,031)	(24,444)	(138,372)
Selling	(49,400)	(12,241)	(6,095)	(67,736)
General and Administrative	(20,667)	(16,790)	(14,686)	(52,143)
Research and Development	(16,772)	-	-	(16,772)
Management profit sharing	(3,152)	-	(3,663)	(6,815)
Other operating revenue	5,094	-	-	5,094
Operating Income before Financial Results	19,924	8,024	23,317	51,265
<i>Operating Margin %</i>	<i>6.8%</i>	<i>4.8%</i>	<i>10.9%</i>	<i>7.6%</i>
Depreciation and amortization	12,445	6,004	11,806	30,255
EBITDA	32,369	14,028	35,123	81,520
<i>EBITDA Margin %</i>	<i>11.1%</i>	<i>8.5%</i>	<i>16.4%</i>	<i>12.1%</i>

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
<i>Gross Margin %</i>	<i>26.9%</i>	<i>16.1%</i>	<i>13.2%</i>	<i>19.9%</i>
Operating Expenses	(112,803)	(27,300)	(21,327)	(161,430)
Selling	(58,098)	(10,118)	(4,630)	(72,846)
General and Administrative	(32,897)	(17,181)	(14,514)	(64,592)
Research and Development	(19,492)	-	-	(19,492)
Management profit sharing	(3,047)	-	(2,183)	(5,230)
Other operating revenue	730	-	-	730
Operating Income before Financial Results	(41,939)	(8,786)	6,291	(44,434)
<i>Operating Margin %</i>	<i>-15.9%</i>	<i>-7.6%</i>	<i>3.0%</i>	<i>-7.6%</i>
Depreciation and amortization	14,706	6,354	13,324	34,385
EBITDA	(27,233)	(2,431)	19,615	(10,049)
<i>EBITDA Margin %</i>	<i>-10.4%</i>	<i>-2.1%</i>	<i>9.4%</i>	<i>-1.7%</i>

Attachment II – Financial statements of B+W

Balanco Patrimonial B+W

	(€ Mil)			
ATIVO	31/12/16	30/06/17	30/09/17	31/12/17
CIRCULANTE	23.072	24.892	27.323	20.810
Caixa e equivalentes de caixa	2.897	980	3.003	1.587
Duplicatas a receber	5.863	5.562	6.854	7.011
Estoques	13.193	16.430	16.035	11.372
Impostos e contribuições a recuperar	745	1.017	930	527
Partes relacionadas	219	134	113	99
Outros valores a realizar	155	768	387	214
NÃO CIRCULANTE	27.201	26.556	26.187	28.235
Investimentos				
Imobilizado	14.911	14.569	14.360	15.308
Investimentos em controladas	46	46	46	59
Intangível	12.244	11.941	11.781	12.868
TOTAL DO ATIVO	50.274	51.448	53.510	49.045
PASSIVO E PATRIMÔNIO LÍQUIDO	31/12/16	30/06/17	30/09/17	31/12/17
CIRCULANTE	15.935	17.954	20.124	14.868
Fornecedores	1.166	1.484	912	953
Salários e encargos sociais	551	1.489	1.636	1.613
Impostos e contribuições a recolher	157	76	94	-
Adiantamento de clientes	12.515	12.949	15.792	10.690
Outras contas a pagar	1.447	1.708	1.582	1.528
Partes relacionadas	98	248	107	84
NÃO CIRCULANTE	8.521	8.154	7.971	7.979
Exigível a longo prazo				
Financiamentos	3.659	3.382	3.243	3.105
Imposto de renda e contribuição social diferidos	4.862	4.772	4.728	4.874
PATRIMÔNIO LÍQUIDO	25.818	25.340	25.415	26.198
Capital social	7.025	7.025	7.025	7.025
Reservas de capital	505	505	505	505
Reservas de lucros	18.288	17.810	17.885	18.668
TOTAL DO PASSIVO E DO PATRIMÔNIO LÍQUIDO	50.274	51.448	53.510	49.045

Demonstração do Resultado B+W

	(€ Mil)				
	4T16	3T17	4T17	2016	2017
Receita Operacional Líquida	9.360	11.241		30.288	29.520
Custo dos produtos e serviços vendidos	(7.238)	(8.712)		(25.157)	(23.548)
Lucro Bruto	2.122	2.529		5.131	5.972
<i>Margem Bruta %</i>	<i>22,7%</i>	<i>22,5%</i>		<i>16,9%</i>	<i>20,2%</i>
Despesas Operacionais	(1.454)	(2.184)		(7.020)	(6.102)
Comerciais	(593)	(974)		(2.631)	(2.578)
Gerais e Administrativas	(861)	(1.210)		(4.389)	(3.524)
Lucro (Prejuízo) Operacional Antes do Resultado Financeiro	668	345		(1.889)	(130)
<i>Margem Operacional %</i>	<i>7,1%</i>	<i>3,1%</i>		<i>-6,2%</i>	<i>-0,4%</i>
Resultado Financeiro	(58)	(106)		(268)	(304)
Lucro (Prejuízo) Operacional	610	239		(2.157)	(434)
Imposto de Renda / Contribuição Social	(321)	(163)		510	32
Lucro Líquido (Prejuízo)	289	76		(1.647)	(402)
<i>Margem Líquida %</i>	<i>3,1%</i>	<i>0,7%</i>		<i>-5,4%</i>	<i>-1,4%</i>
EBTIDA	1.175	859		(26)	1.408
Resultado Líquido	289	76		(1.647)	(402)
Imposto de Renda / Contribuição Social	321	163		(510)	(32)
Resultado Financeiro líquido	58	106		268	304
Depreciação e amortização	507	514		1.863	1.538
<i>Margem EBITDA %</i>	<i>12,6%</i>	<i>7,6%</i>		<i>-0,1%</i>	<i>4,8%</i>

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