

**ROMI**

WWW.ROMI.COM



July 24, 2018 2Q18 Earnings Release

June 30, 2018

Share price

ROMI3 - R\$7.20 per share (on 07/23/2018)

Market capitalization

R\$452.6 million

US\$ 119.4 million

Number of shares

Common: 62,857,647

Total: 62,857,647

Free Float = 45.5%**Investor Relations Contact****Fábio B. Taiar**

Investor Relations Officer

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July 25, 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)

4:00 pm (London)

11:00 am (New York)

Dial-in numbers:

EUA +1 (800) 492-3904

Brazil +55 (11) 3193-1001

Other + 1 (646) 828-8246

Access Code: Romi



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IGC

Santa Bárbara d'Oeste – São Paulo State (SP), July 24, 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 second quarter of 2018 ("2Q18"). 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

Order entry in 2Q18, when compared to 2Q17, increased by 15.4%

- Order entry in 2Q18, when compared to 2Q17, increased by 15.4%, especially in the Romi Machines Business Unit, which increased by 65.8%, showing that, in 2018, the economic is recovering slowly and gradually;
- In 2Q18, the Romi Machines Business Unit posted a 19.5% increase in net operating revenue in relation to 2Q17 and 2.7 p.p. in gross margin in the same period of comparison, due to the higher volume of operations of this business unit in 2018;
- In the Raw and Machined Cast Iron Parts Business Unit, even in the face of a reduction in net operating revenue in the second quarter, it continues to show appropriate margins, as a result of improvements in operating efficiency;
- The Company's net debt grew R\$54.6 million during the 1H18, due to the profit distributions made and inventory increases, which is considered normal for this time of year;
- On April 9, 2018, the Company obtained the approval for its tax credit utilization request relating to the income tax and social contribution refund proceeding ("Plano Verão"), the amount of which, before taxes, is approximately R\$44.4 million (R\$40.1 million after taxes and other costs). The effects of this gain were recognized in the 2Q18 financial statements and are detailed throughout this report.

R\$'000	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg.	Chg.	1H17	1H18	Chg.
				2Q18/1Q18	2Q18/2Q17			2018/2017
Revenues Volume								
Machines (units)	141	144	183	27.1%	29.8%	303	327	7.9%
Burkhardt + Weber (units)	6	3	4	33.3%	-33.3%	12	7	-41.7%
Raw and Machined Cast Iron Parts (tons)	6,267	4,592	5,453	18.8%	-13.0%	12,051	10,045	-16.6%
Net Operating Revenue	163,775	132,647	158,119	19.2%	-3.5%	310,300	290,766	-6.3%
Gross margin (%)	28.9%	26.2%	26.4%			26.9%	26.3%	-
Operating Income (EBIT)	12,301	644	112	-82.6%	-99.1%	15,618	756	-95.2%
Operating margin (%)	7.5%	0.5%	0.1%			5.0%	0.3%	-
Net Income	11,916	1,836	45,443	2375.1%	281.4%	13,980	47,279	238.2%
Net margin (%)	7.3%	1.4%	28.7%			4.5%	16.3%	-
EBITDA	19,865	8,892	8,346	-6.1%	-58.0%	30,695	17,238	-43.8%
EBITDA margin (%)	12.1%	6.7%	5.3%			9.9%	5.9%	-
Investments	4,864	8,800	4,363	-50.4%	-10.3%	8,872	13,163	48.4%

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

* As described in the "Success in Judicial Proceedings (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R\$1.6 million, due to the recognition of expenses with legal fees, under "Other operating revenue (expenses), net"; (ii) financial income: increased by R\$32.1 million, related to monetary restatement of the original value of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original value of the tax credits; and (iv) profit: increased by the impact of the net gain of R\$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

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.

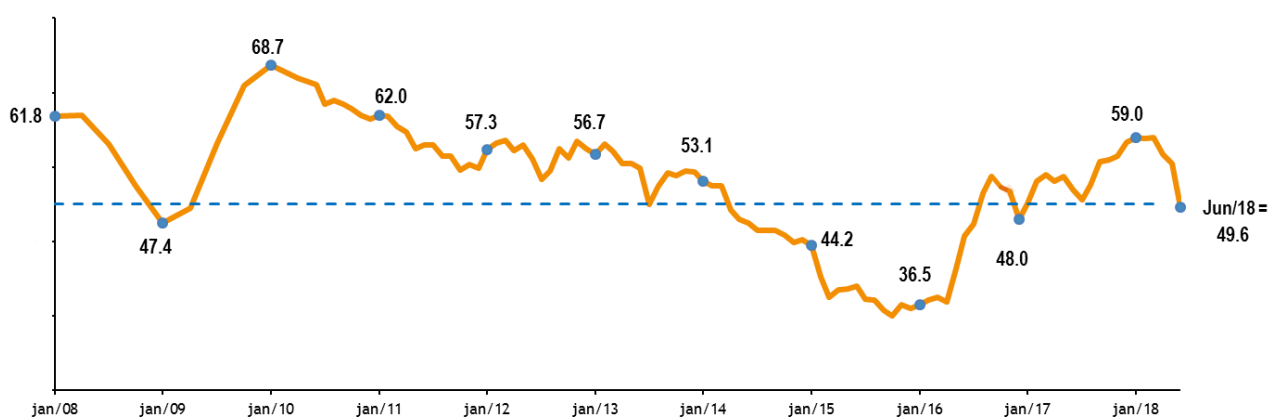
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil 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

2018 showed a poor economic activity and high volatility in its first two months, but there is an acceleration in the number of opportunities and orders generated as from March. Some macroeconomic data indicate possible recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to 2017, presented below. This improvement in macroeconomic data begins to materialize more significantly in the volume of orders entry of the Raw and Machined Cast Iron Parts Unit, mainly from the commercial and agricultural automotive segments.

In June 2018, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 49.6, a level that shows a modest evolution in the 2018 index, when compared to the previous two years, although the domestic environment still presents great volatility and uncertainties, especially after the truckers' strike at the end of May.

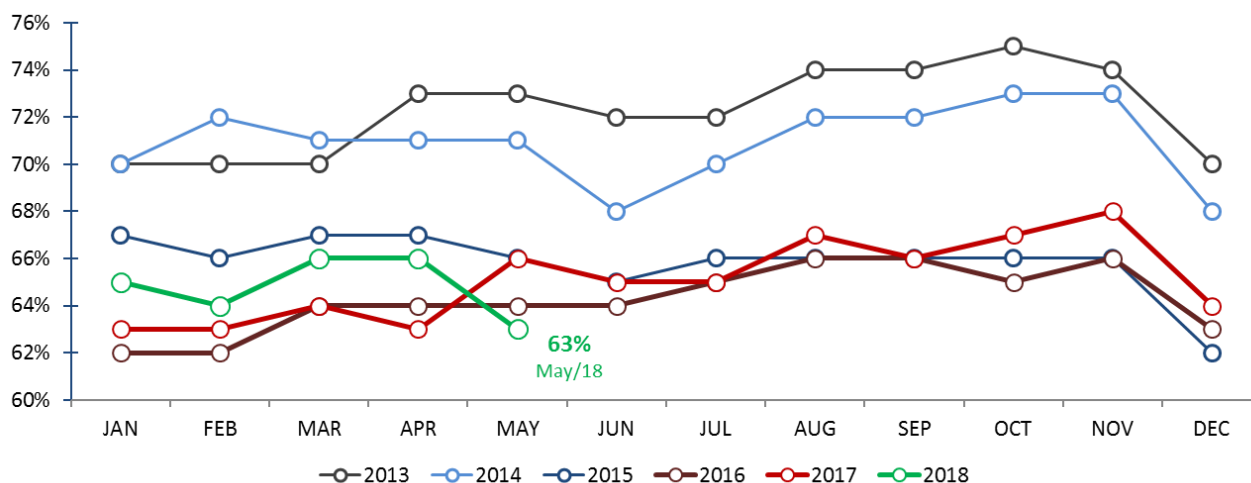
Industrial Entrepreneur Confidence Index – ICEI



Source: CNI – ICEI, June 2018.

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), remains at low levels, but higher than those of the same periods of 2017 and 2016, except for the month of May 2018, due to the truckers' strike, demonstrating that, although the Brazilian economic scenario is still challenging, there are signs of a modest and gradual recovery.

Average Installed Capacity Utilization(UCI)



Source: CNI – UCI, May 2018.

The truck drivers' strike that took place in May 2018 had an impact on several indexes, as we could see from the two graphs above, where in May and June the levels were reduced. This means a more volatile environment with a greater degree of uncertainty, which may negatively impact Romi's sales volumes, mainly from the Romi Machines Unit, which is highly correlated with confidence and predictability. However, it has not yet been possible to detect a significant reduction in order levels to date, but the Company continues to constantly monitor the market so that, in case of relevant impacts, timely actions are taken to maintain the solidity of the activities. Romi had no significant impact on P&L for the period, due to the strike.

The recent devaluation of the Brazilian Real (R\$) to the US Dollar (US\$) makes Brazil's manufactured products more competitive over imported ones. Given this, in the medium term, the devaluation of the Real can cause parts currently imported to have their production transferred to Brazil, meaning the possibility of improvement in Brazilian industrial production. Moreover, domestic products can become more competitive globally and thus increase export volume and margins. These are impacts that, in the medium term, can positively impact the domestic industry and, consequently, Romi's sales volume. In relation to Romi products, the exchange devaluation improves the competitiveness of its products when compared to imported equipment items, which are the main competitors in the Romi Machines Unit. Moreover, there is an impact on the export margins, since a significant part of the costs are in Reais and exports occur in foreign currency.

Romi continues to implement actions to streamline its structure and the planning and manufacturing process, to respond quickly to the demand volatility. During the last years we have carried out a number of optimizations, mainly in indirect structures, reinforced the focus on cost and expense reduction projects and invested in automation and productivity, focusing on the increase of profitability, which can be noted since 2017.

Market

The Company's main competitive advantages in the market – products with cutting-edge technology, 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)	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	1H17	1H18	Chg. 1H18/1H17
Gross Values, sales taxes included								
Romi Machines	71,820	48,864	119,045	143.6%	65.8%	131,350	167,908	27.8%
Burkhardt+Weber Machines	43,083	35,065	22,270	-36.5%	-48.3%	52,794	57,335	8.6%
Rough and Machined Cast Iron Parts	52,339	63,489	51,668	-18.6%	-1.3%	115,986	115,157	-0.7%
Total *	167,242	147,418	192,983	30.9%	15.4%	300,130	340,401	13.4%

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

The order entry volume in the Romi Machines Unit observed in 2Q18 was 65.8% higher than in 2Q17, demonstrating a recovery in the industry, although the Brazilian environment still continues with high volatility and great challenges. This growth was also due to exports, which in the same period of comparison also continued to show significant growth.

At the German subsidiary B+W, order entry in the first half of 2018 was 8.6% higher than in the same period in 2017, demonstrating consistency and solidity in its operations. The number of projects currently in progress and the portfolio orders volume are within the normal range and allow us to keep the good expectation regarding profitability levels in the second half of the year, when a significant part of this portfolio will be delivered to the clients.

The Raw and Machined Cast Iron Parts Unit presented stable order entry in 2Q18 when compared to 2Q17. Even with the reduction of large wind turbine parts, there has been a significant increase in the volume of orders for parts for the commercial automotive segment, agriculture and earth movement machinery.

Order Book (R\$ 000)	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17
Gross Values, sales taxes included					
Romi Machines	77,353	60,595	97,848	61.5%	26.5%
Burkhardt+Weber Machines	131,029	130,806	154,944	18.5%	18.3%
Rough and Machined Cast Iron Parts	58,406	66,471	60,325	-9.2%	3.3%
Total *	266,787	257,872	313,118	21.4%	17.4%

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

At June 30, 2018, orders portfolio totaled R\$313.1 million, amount 17.4% higher than in the same period last year. The increase in the portfolio at the end of 2Q18 at Romi Machines and B+W Machines Units was chiefly due to the increase in the volume of orders of 2018 previously mentioned.

Operational Performance

NET OPERATING REVENUE

Net operating revenue posted by the Company in 2Q18 reached R\$158.1 million, 3.5% lower than 2Q17 and 19.2% higher than 1Q18.

By Business Unit

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	1H17	1H18	Chg. 2018/2017
Romi Machines	65,112	61,913	77,840	25.7%	19.5%	124,425	139,753	12.3%
Burkhardt+Weber Machines	34,335	29,077	29,681	2.1%	-13.6%	64,204	58,758	-8.5%
Raw and Machined Cast Iron Parts	64,328	41,657	50,598	21.5%	-21.3%	121,671	92,255	-24.2%
Total	163,775	132,647	158,119	19.2%	-3.5%	310,300	290,766	-6.3%

Romi Machines

The net operating revenue of this Business Unit reached R\$77.9 million in 2Q18, posting an increase of 19.5% when compared with the same period in 2017, reflecting the increase in new orders in 2Q18. This increase in the volume of orders and, consequently, net operating revenue shows that there is an economic and industrial recovery, albeit slowly and gradually, in addition to the continued consolidation of Romi's brand in the foreign market.

Burkhardt+Weber Machines

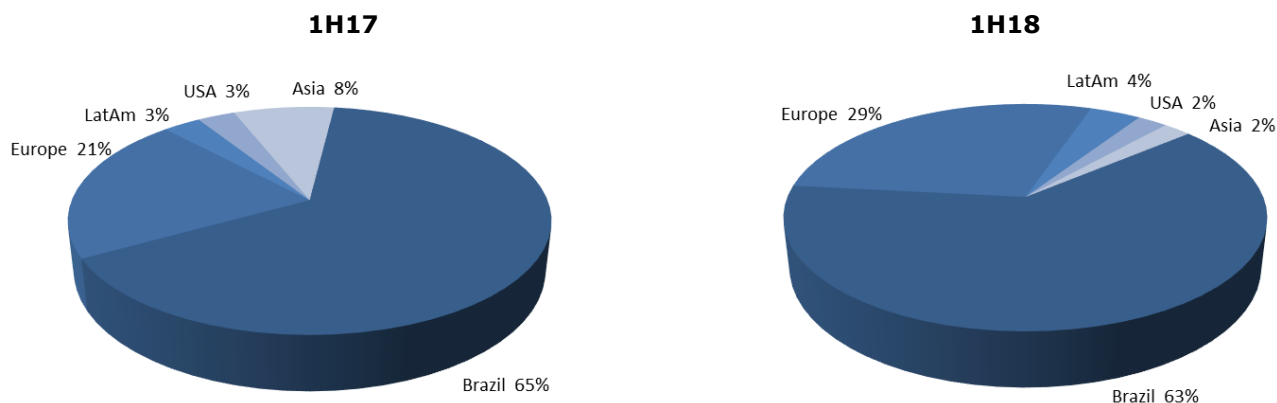
In 2Q18, revenue of the German subsidiary B+W was similar to that recorded in 1Q18 and 13.6% lower than in 2Q17, as machine deliveries in 2018 are even more concentrated throughout the second half of this year.

Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R\$50.6 million in 2Q18, representing a 21.3% reduction compared to 2Q17, chiefly due to the reduction in the volume of orders for large raw and machined cast iron parts. On the other hand, part of this reduction is being offset by the improvement in the volume of demand created in 2018 by the commercial automotive and earth moving machinery sectors.

By Geographical Region

The domestic market accounted for 63% of Romi's consolidated revenue in 1H18 (65% in 1H17). Considering the revenue in foreign markets, which takes into consideration 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 revenue obtained in the foreign market, in Brazilian reais (R\$) and US dollars (US\$):

Foreign Sales	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	1H17	1H18	Chg. 2017/2016
Net Sales (R\$ million)	58.0	52.1	56.5	8.5%	-2.6%	110.2	108.6	-1.4%
Net Sales (US\$ million)	17.5	15.7	14.7	-6.4%	-16.4%	34.0	30.3	-10.8%

OPERATING COSTS AND EXPENSES

The gross margin of 26.4% obtained in 2Q18 presented a reduction of 2.5 percentage points in relation to 2Q17. The operating margin (EBIT), when compared to 2Q17, presented a drop of 7.4 percentage points, due to a revenue volume 3.5% lower than in 2Q18.

Gross Margin	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg. p.p. 2Q18/1Q18	Chg. p.p. 2Q18/2Q17	1H17	1H18	Chg. pp 2018/2017
Romi Machines	36.6%	35.6%	39.3%	3.7	2.7	36.7%	37.7%	0.9
Burkhardt+Weber Machines	17.0%	17.3%	6.0%	(11.3)	(11.0)	19.1%	11.6%	(7.4)
Raw and Machined Cast Iron Parts	27.5%	18.4%	18.5%	(7.9)	(9.0)	21.1%	18.4%	(2.7)
Total	28.9%	26.2%	26.4%	0.2	(2.5)	26.9%	26.3%	(0.6)

EBIT Margin	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg. p.p. 2Q18/1Q18	Chg. p.p. 2Q18/2Q17	1H17	1H18	Chg. pp 2018/2017
Romi Machines	4.5%	-0.3%	3.4%	3.7	(1.1)	3.5%	1.8%	(1.7)
Burkhardt+Weber Machines	-3.6%	-8.6%	-20.2%	(11.6)	(16.6)	-2.0%	-14.5%	(12.4)
Raw and Machined Cast Iron Parts	16.5%	8.0%	6.8%	(1.2)	(9.7)	10.3%	7.3%	(3.0)
Total	7.5%	0.5%	0.1%	(0.4)	(7.4)	5.0%	0.3%	(4.8)

Romi Machines

The gross margin of this Business Unit in 2Q18 increased by 2.7 p.p. when compared to 2Q17 due to the higher revenue volume. In the same comparison period, the operating margin decreased by 1.1 percentage point due to legal expenses related to tax credits proceedings already judged in favor of the Company (see section "Success in Legal Proceedings (Plano Verão) of this report)", in the amount of R\$1.6 million.

Burkhardt+Weber Machines

In this Business Unit, gross and operating margins in 2Q18 decreased by 11.0p.p. and 16.6p.p, respectively, in relation to 2Q17, due to the lower revenue volume, which in Euro, presented a reduction of 26.0%. As already mentioned, machine deliveries from these units are more concentrated in 2H18.

Raw and Machined Cast Iron Parts

The gross and operating margins of this Business Unit in 2Q18 decreased by 9.0 and 9.7 percentage points in relation to 2Q17, due to the 21.3% reduction in net operating revenue in this quarter. However, even in the face of lower sales volume than in 2017, profitability levels in the first two quarters of 2018 have shown solidity as a result of continued efforts to improve operational efficiency.

EBITDA AND EBITDA MARGIN

In 2Q18, the operating cash generation as measured by EBITDA amounted to R\$8.4 million, representing an EBITDA margin of 5.3% in the quarter, as shown in the table below:

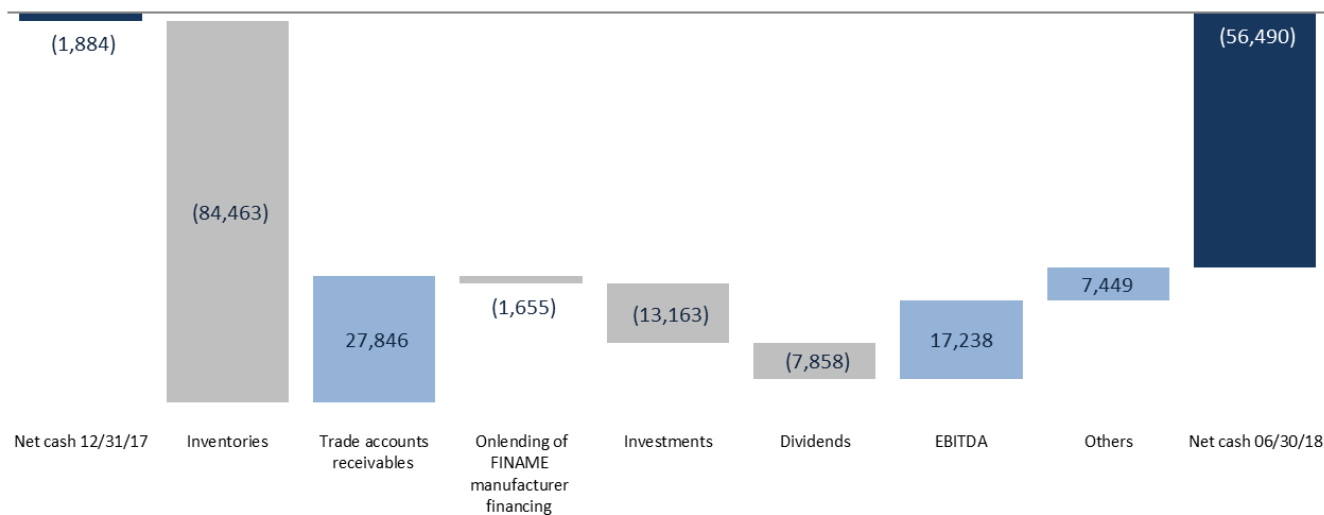
Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	1H17	1H18	Chg. 2018/2017
Net Income	11,916	1,836	45,443	2375.1%	281.4%	13,980	47,279	238.2%
Income tax and social contributions	4,322	(11)	(7,696)	69863.6%	-278.1%	5,057	(7,707)	-252.4%
Net Financial Income	(3,937)	(1,181)	(37,635)	3086.7%	855.9%	(3,420)	(38,816)	1035.0%
Depreciation and amortization	7,564	8,248	8,234	-0.2%	8.9%	15,077	16,482	9.3%
EBITDA	19,865	8,892	8,346	-6.1%	-58.0%	30,694	17,238	-43.8%
EBITDA Margin	12.1%	6.7%	5.3%	-21.3%	-56.5%	9.9%	5.9%	-
Total Net Operating Revenue	163,775	132,647	158,119	19.2%	-3.5%	310,300	290,766	-6.3%

- (*) As described in the "Success in Judicial Proceedings (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R\$1.6 million, due to the recognition of expenses with legal fees, under "Other operating revenue (expenses), net"; (ii) financial income: increased by R\$32.1 million, related to monetary restatement of the original value of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original value of the tax credits; and (iv) profit: increased by the impact of the net gain of R\$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

PROFIT FOR THE PERIOD

The profit for the period amounted to R\$45.4 million in 2Q18, representing a net margin of 28.7%. As already mentioned throughout this report, profit for 2Q18 is impacted by the favorable outcome in legal proceedings related to tax credits, in the amount of R\$40.1 million.

The main variations in the net debt position during 2Q18 are described below in R\$'000:



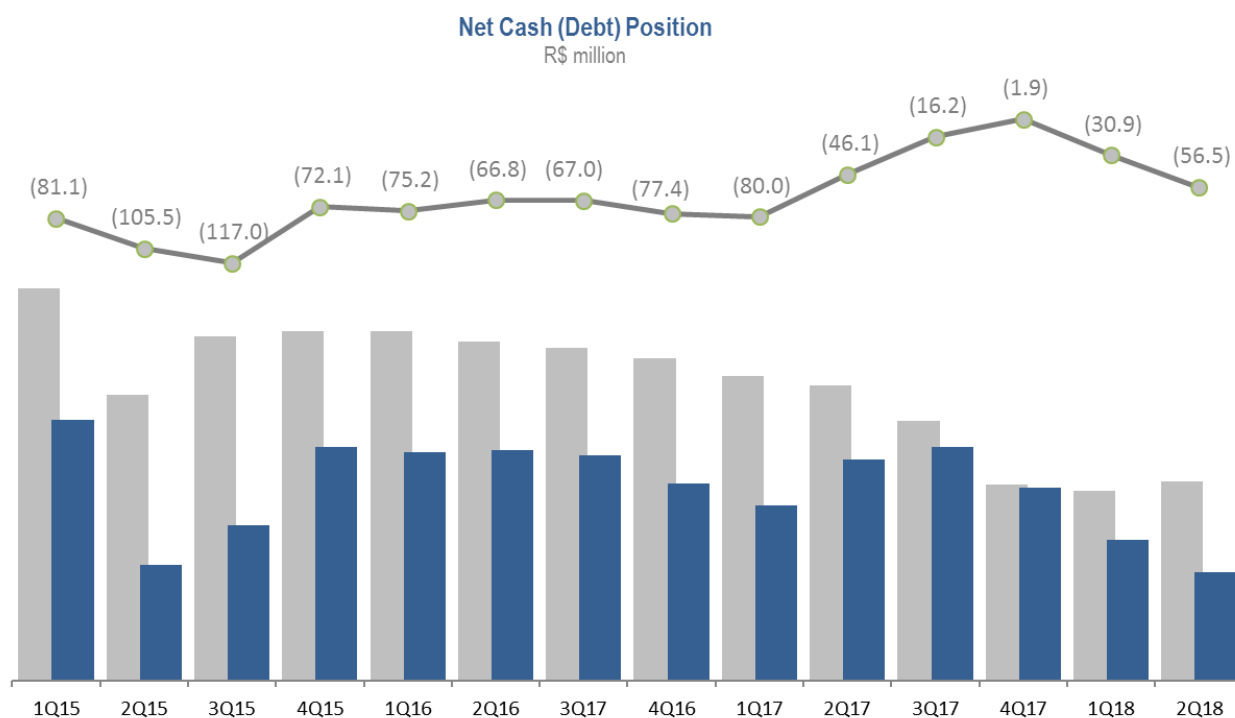
The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company.

Net debt growth in 1H18 was chiefly due to the increase in inventory levels in Brazil and abroad, due to the growth in the volume of operations in Brazil and the higher concentration of deliveries by the German subsidiary B+W throughout the second half of 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 Certificate of Deposit (CDI). The consolidated net cash (debt) position at June 30, 2018 was negative R\$56.5 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. At June 30, 2018, the amount of financing in local currency was R\$83.1 million, and in foreign currency, R\$40.3 million, totaling R\$123.4 million.



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

At June 30, 2018, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 06/30/2016 to 07/23/2018



Source: B3.

On July 23, 2018 the Company's common shares (ROMI3), which were quoted at R\$7.20, posted appreciation of 89.5% since June 30, 2017 and 246.2% since June 30, 2016. Ibovespa recorded appreciation of 24.0% and 51.4% in the same period.

The Company's market capitalization on July 23, 2018 was R\$452.6 million. The average daily trading volume during 2Q18 was R\$1.4 million.

Success in Legal Proceeding (“Plano Verão”)

In 2017, the Company was successful in the legal proceeding in which it is the plaintiff and the Federal Government is the defendant, whose object is the right to adjust for inflation the balance sheet of the calendar year 1989, in accordance with the inflation for the months of January and February of that year, and exclude the inflation indexes of the legislation then in force (“Plano Verão”). In September 2017, the Company filed with the Federal Revenue Service a request for utilization of this credit. In April 2018 the Federal Revenue granted the request to utilize this credit, allowing the Company to utilize it for offset against future federal taxes. As a result of the granting of the tax credit, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of tax proceedings (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R\$1.6 million, due to the recognition of expenses with legal fees, under “Other operating revenue (expenses), net”; (ii) financial income: increased by R\$32.1 million, related to monetary restatement of the original value of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original value of the tax credits; and (iv) profit: increased by the impact of the net gain of R\$40.1 million, already considering the effects of income tax and social contribution on the gain, which were reduced by the use of interest on equity, proposed in April 2018, as per Notice to Shareholders dated April 17, 2018.

These tax credits are being used for offset against federal taxes, and the estimated offset period will depend on federal taxes generated in the future, which cannot be estimated at this point. The remaining balance is restated by the monetary correction indexes recognized by the courts.

Balanco Patrimonial Consolidado

IFRS (R\$ mil)

ATIVO		30/06/17	31/12/17	31/03/18	30/06/18	PASSIVO E PATRIMÔNIO LÍQUIDO		30/06/17	31/12/17	31/03/18	30/06/18
CIRCULANTE		630,895	592,193	588,232	641,680	CIRCULANTE		293,934	280,526	277,153	351,410
Caixa e equivalentes de caixa		122,566	105,682	74,088	66,455	Financiamentos		94,443	74,170	75,039	83,414
Aplicações financeiras		14,697	13,670	12,944	475	Valores a pagar - FINAME fabricante		57,386	55,463	54,161	52,074
Duplicatas a receber		117,128	120,303	119,832	128,819	Fornecedores		35,284	33,802	47,697	61,648
Valores a receber - repasse FINAME fabricante		88,619	88,114	82,131	78,705	Salários e encargos sociais		27,305	28,148	26,929	31,475
Estoques		257,042	241,891	273,233	326,354	Impostos e contribuições a recolher		2,461	5,896	2,470	4,362
Impostos e contribuições a recuperar		14,872	11,780	13,436	26,600	Adiantamento de clientes		59,673	56,512	52,911	75,744
Outros valores a realizar		15,971	10,753	12,568	14,272	Outras contas a pagar		17,382	26,535	17,946	42,693
NÃO CIRCULANTE		459,096	483,230	483,450	532,655	NÃO CIRCULANTE		172,429	151,397	146,216	144,719
Realizável a Longo Prazo		144,435	154,515	150,940	189,919	Financiamentos		88,910	47,066	42,912	40,006
Duplicatas a receber		10,992	11,310	11,852	13,476	Valores a pagar - FINAME fabricante		53,509	72,770	71,404	70,201
Valores a receber - repasse FINAME fabricante		61,727	79,819	76,272	84,925	Imposto de renda e contribuição social diferidos		28,042	29,885	30,573	33,500
Impostos e contribuições a recuperar		584	778	894	28,267	Impostos e contribuições a recolher		539	-	-	-
Imposto de renda e contribuição social diferidos		56,257	49,426	49,975	50,762	Provisão para passivos eventuais		1,310	1,561	1,214	792
Depósitos judiciais		2,082	2,057	2,092	2,119	Outras contas a pagar		119	115	113	220
Outros valores a realizar		12,793	11,125	9,855	10,370						
Investimentos						PATRIMÔNIO LÍQUIDO		621,955	641,969	646,820	676,671
Imobilizado		250,008	257,939	260,980	264,617	Capital social		492,025	492,025	492,025	492,025
Propriedade para investimento		18,329	18,602	18,602	18,602	Reservas de lucros		104,007	118,960	120,759	139,131
Intangível		46,324	52,174	52,928	59,517	Ajuste de avaliação patrimonial		25,923	30,984	34,036	45,515
						PARTICIPAÇÃO DOS NÃO CONTROLADORES		1,673	1,531	1,493	1,535
TOTAL DO ATIVO		1,089,991	1,075,423	1,071,682	1,174,335	TOTAL DO PATRIMÔNIO LÍQUIDO		623,628	643,500	648,313	678,206
						TOTAL DO PASSIVO E DO PATRIMÔNIO LÍQUIDO		1,089,991	1,075,423	1,071,682	1,174,335

Consolidated Income Statement

(R\$ thousand)

	2Q17	1Q18	2Q18	Chg. 2Q18/1Q18	Chg. 2Q18/2Q17	1H17	1H18	Chg. 2018/2017
Net Operating Revenue	163,775	132,647	158,119	19.2%	-3.5%	310,300	290,766	-6.3%
Cost of Goods Sold	(116,401)	(97,888)	(116,394)	18.9%	0.0%	(226,682)	(214,282)	-5.5%
Gross Profit	47,374	34,759	41,725	20.0%	-11.9%	83,618	76,484	-8.5%
<i>Gross Margin %</i>	<i>28.9%</i>	<i>26.2%</i>	<i>26.4%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>26.9%</i>	<i>26.3%</i>	<i>0.0%</i>
Operating Expenses	(35,073)	(34,115)	(41,613)	22.0%	18.6%	(68,001)	(75,728)	11.4%
Selling expenses	(17,552)	(16,153)	(18,053)	11.8%	2.9%	(32,211)	(34,206)	6.2%
Research and development expenses	(4,422)	(3,883)	(4,544)	17.0%	2.8%	(8,474)	(8,427)	-0.6%
General and administrative expenses	(13,523)	(13,367)	(15,468)	15.7%	14.4%	(26,429)	(28,835)	9.1%
Management profit sharing and compensation	(1,775)	(1,456)	(2,179)	49.7%	22.8%	(3,228)	(3,635)	12.6%
Other operating income, net	2,199	744	(1,369)	-284.0%	-162.3%	2,341	(625)	-126.7%
Operating Income before Financial Results	12,301	644	112	-82.6%	-99.1%	15,617	756	-95.2%
<i>Operating Margin %</i>	<i>7.5%</i>	<i>0.5%</i>	<i>0.1%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>5.0%</i>	<i>0.3%</i>	<i>0.0%</i>
Financial Results, Net	3,937	1,181	37,635	3086.7%	855.9%	3,420	38,816	1035.0%
Financial income	4,444	3,478	36,793	957.9%	727.9%	8,729	40,271	361.3%
Financial expenses	(3,638)	(2,601)	(2,471)	-5.0%	-32.1%	(7,705)	(5,072)	-34.2%
Exchange gain (loss), net	3,131	304	3,313	989.8%	5.8%	2,396	3,617	51.0%
Operations Operating Income	16,238	1,825	37,747	1968.3%	132.5%	19,037	39,572	107.9%
Income tax and social contribution	(4,322)	11	7,696	69863.6%	-278.1%	(5,057)	7,707	-252.4%
Net income	11,916	1,836	45,443	2375.1%	281.4%	13,980	47,279	238.2%
<i>Net Margin %</i>	<i>7.3%</i>	<i>1.4%</i>	<i>28.7%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>4.5%</i>	<i>16.3%</i>	<i>0.0%</i>
Net profit concerning:								
Controlling interests	11,748	1,799	45,401	2423.7%	286.5%	13,763	47,200	242.9%
Non controlling interests	168	37	42	13.5%	-75.0%	217	79	-63.6%
	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>0.0%</i>
EBITDA	19,865	8,892	8,346	-6.1%	-58.0%	30,694	17,238	-43.8%
Profit (loss) for the period	11,916	1,836	45,443	2375.1%	281.4%	13,980	47,279	238.2%
Income tax and social contribution	4,322	(11)	(7,696)	69863.6%	-278.1%	5,057	(7,707)	-252.4%
Financial income, net	(3,937)	(1,181)	(37,635)	3086.7%	855.9%	(3,420)	(38,816)	1035.0%
Depreciation and amortization	7,564	8,248	8,234	-0.2%	8.9%	15,077	16,482	9.3%
<i>EBITDA Margin %</i>	<i>12.1%</i>	<i>6.7%</i>	<i>5.3%</i>	<i>0.0%</i>	<i>0.0%</i>	<i>9.9%</i>	<i>5.9%</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 per share - R\$	0.19	0.03	0.72	2423.7%	286.5%	0.22	0.75	238.2%

Consolidated Cash Flow Statement

(R\$ thousand)

	2Q17	1Q18	2Q18	1H17	1H18
Cash from operating activities					
Net Income before taxation	16,239	1,825	37,747	19,038	39,572
Financial expenses and exchange gain	(304)	448	(35,598)	2,174	(35,150)
Depreciation and amortization	7,564	8,248	8,234	15,077	16,482
Allowance for doubtful accounts and other receivables	97	(737)	582	517	(155)
Proceeds from sale of fixed assets and intangibles	(2,607)	(684)	754	(2,904)	70
Provision for inventory realization	(2,426)	(839)	5	(4,901)	(834)
Reserve for contingencies	1,279	1,553	2	(2,232)	1,555
Change on operating assets and liabilities					
Financial Investments	6,668	726	12,469	6,134	13,195
Trade accounts receivable	3,089	3,043	(2,127)	(15,041)	916
Onlending of Finame manufacturer financing	1,302	11,737	(4,694)	17,607	7,043
Inventories	(4,580)	(30,502)	(54,030)	12,448	(84,532)
Recoverable taxes, net	7,877	(2,321)	(41,324)	11,519	(43,645)
Judicial deposits	(803)	(1,132)	(553)	(1,381)	(1,685)
Other receivables	916	731	34,352	(514)	35,083
Trade accounts payable	8,119	13,664	12,432	600	26,096
Payroll and related taxes	5,223	(1,610)	4,640	9,864	3,030
Taxes payable	(711)	(2,448)	9,005	(1,963)	6,557
Advances from customers	6,008	(3,601)	22,833	5,886	19,232
Other payables	3,535	(1,014)	559	4,579	(455)
Cash provided by (used in) operating activities	56,485	(2,913)	5,288	76,507	2,375
Income tax and social contribution paid	(198)	(279)	(243)	(1,040)	(522)
Net Cash provided by (used in) operating activities	56,287	(3,192)	5,045	75,467	1,853
Purchase of fixed assets	(4,840)	(8,800)	(4,363)	(8,234)	(13,163)
Sales of fixed assets	3,119	769	208	3,613	977
Increase in intangible assets	(25)	(8)	(2,119)	(696)	(2,127)
Net cash Used in Investing Activities	(1,746)	(8,039)	(6,274)	(5,317)	(14,313)
Interest on capital paid	-	(8,305)	382	(114)	(7,923)
New loans and financing	3,413	5,572	11,507	5,214	17,079
Payments of loans and financing	(10,322)	(9,436)	(9,512)	(23,145)	(18,948)
Interests paid (including Finame manufacturer financing)	(5,426)	(4,954)	(5,177)	(10,446)	(10,131)
New loans in Finame manufacturer	12,842	11,764	11,925	17,601	23,689
Payment of Finame manufacturer financing	(18,836)	(14,736)	(14,972)	(37,333)	(29,708)
Net Cash provided by (used in) Financing Activities	(18,329)	(20,095)	(5,847)	(48,223)	(25,942)
Increase (decrease) in cash and cash equivalents	36,212	(31,326)	(7,076)	21,927	(38,402)
Exchange variation changes on cash and cash equivalents abroad	(860)	(268)	(557)	(871)	(825)
Cash and cash equivalents - beginning of period	87,214	105,682	74,088	101,510	105,682
Cash and cash equivalents - end of period	122,566	74,088	66,455	122,566	66,455

Attachment I – DRE by Business Unit

Demonstração do Resultado Consolidado por Unidade de Negócio - 2Q18

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	77,840	29,681	50,598	158,119
Cost of Sales and Services	(40,383)	(27,888)	(48,124)	(116,395)
Business Units Transfers	931	-	7,820	8,751
Business Units Transfers	(7,820)	-	(931)	(8,751)
Gross Profit	30,568	1,793	9,363	41,724
<i>Gross Margin %</i>	<i>39.3%</i>	<i>6.0%</i>	<i>18.5%</i>	<i>26.4%</i>
Operating Expenses	(27,910)	(7,790)	(5,915)	(41,615)
Selling	(14,438)	(2,417)	(1,198)	(18,053)
General and Administrative	(6,419)	(5,373)	(3,676)	(15,468)
Research and Development	(4,544)	-	-	(4,544)
Management profit sharing	(1,138)	-	(1,041)	(2,179)
Other operating revenue	(1,370)	-	-	(1,370)
Operating Income before Financial Results	2,658	(5,997)	3,448	109
<i>Operating Margin %</i>	<i>3.4%</i>	<i>-20.2%</i>	<i>6.8%</i>	<i>0.1%</i>
Depreciation and amortization	3,160	1,838	3,237	8,235
EBITDA	5,818	(4,159)	6,685	8,344
<i>EBITDA Margin %</i>	<i>7.5%</i>	<i>-14.0%</i>	<i>13.2%</i>	<i>5.3%</i>

Income Statement by Business Units - 2Q17

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	65,112	34,335	64,328	163,775
Cost of Sales and Services	(38,992)	(28,485)	(48,924)	(116,401)
Business Units Transfers	1,571	-	3,874	5,445
Business Units Transfers	(3,874)	-	(1,571)	(5,445)
Gross Profit	23,816	5,850	17,708	47,374
<i>Gross Margin %</i>	<i>36.6%</i>	<i>17.0%</i>	<i>27.5%</i>	<i>28.9%</i>
Operating Expenses	(20,897)	(7,087)	(7,089)	(35,073)
Selling	(12,607)	(3,088)	(1,857)	(17,552)
General and Administrative	(5,313)	(3,999)	(4,211)	(13,523)
Research and Development	(4,422)	-	-	(4,422)
Management profit sharing	(754)	-	(1,021)	(1,775)
Other operating revenue	2,199	-	-	2,199
Operating Income before Financial Results	2,919	(1,236)	10,618	12,301
<i>Operating Margin %</i>	<i>4.5%</i>	<i>-3.6%</i>	<i>16.5%</i>	<i>7.5%</i>
Depreciation and amortization	3,133	1,434	2,997	7,564
EBITDA	6,052	198	13,615	19,865
<i>EBITDA Margin %</i>	<i>9.3%</i>	<i>0.6%</i>	<i>21.2%</i>	<i>12.1%</i>

Income Statement by Business Units - 1H18

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	139,753	58,758	92,255	290,766
Cost of Sales and Services	(77,862)	(51,924)	(84,496)	(214,282)
Business Units Transfers	1,871	-	11,084	12,955
Business Units Transfers	(11,085)	-	(1,871)	(12,956)
Gross Profit	52,677	6,834	16,972	76,483
<i>Gross Margin %</i>	<i>37.7%</i>	<i>11.6%</i>	<i>18.4%</i>	<i>26.3%</i>
Operating Expenses	(50,126)	(15,335)	(10,267)	(75,728)
Selling	(27,514)	(4,595)	(2,097)	(34,206)
General and Administrative	(11,619)	(10,740)	(6,476)	(28,835)
Research and Development	(8,427)	-	-	(8,427)
Management profit sharing	(1,941)	-	(1,694)	(3,635)
Other operating revenue	(625)	-	-	(625)
Operating Income before Financial Results	2,551	(8,501)	6,705	755
<i>Operating Margin %</i>	<i>1.8%</i>	<i>-14.5%</i>	<i>7.3%</i>	<i>0.3%</i>
Depreciation and amortization	6,334	3,532	6,616	16,482
EBITDA	8,885	(4,969)	13,321	17,237
<i>EBITDA Margin %</i>	<i>6.4%</i>	<i>-8.5%</i>	<i>14.4%</i>	<i>5.9%</i>

Income Statement by Business Units - 1H17

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	124,425	64,204	121,671	310,300
Cost of Sales and Services	(76,554)	(51,964)	(98,164)	(226,682)
Business Units Transfers	3,071	-	5,404	8,475
Business Units Transfers	(5,404)	-	(3,071)	(8,475)
Gross Profit	45,538	12,240	25,840	83,618
<i>Gross Margin %</i>	<i>36.6%</i>	<i>19.1%</i>	<i>21.2%</i>	<i>26.9%</i>
Operating Expenses	(41,356)	(13,539)	(13,105)	(68,000)
Selling	(23,449)	(5,585)	(3,177)	(32,211)
General and Administrative	(10,380)	(7,954)	(8,095)	(26,429)
Research and Development	(8,474)	-	-	(8,474)
Management profit sharing	(1,395)	-	(1,833)	(3,228)
Other operating revenue	2,342	-	-	2,342
Operating Income before Financial Results	4,181	(1,299)	12,735	15,618
<i>Operating Margin %</i>	<i>3.4%</i>	<i>-2.0%</i>	<i>10.5%</i>	<i>5.0%</i>
Depreciation and amortization	6,308	2,768	6,001	15,077
EBITDA	10,489	1,469	18,736	30,695
<i>EBITDA Margin %</i>	<i>8.4%</i>	<i>2.3%</i>	<i>15.4%</i>	<i>9.9%</i>

Attachment II – Financial Statements of B+W

Balance Sheet B+W

	(€ 000)		
	06/30/17	03/31/18	06/30/18
ASSETS			
CURRENT	24,892	20,882	25,828
Cash and Cash equivalents	980	828	511
Trade accounts receivable	5,562	4,844	5,878
Inventories	16,430	14,151	17,644
Recoverable taxes	1,017	681	874
Related Parties	134	82	99
Other receivables	768	296	823
NONCURRENT	26,556	27,924	27,941
Investments			
Property, plant and equipment	14,569	15,158	14,889
Investment in subsidiaries	46	59	59
Intangible assets	11,941	12,707	12,993
TOTAL ASSETS	51,448	48,806	53,769
LIABILITIES AND SHAREHOLDER'S EQUITY			
CURRENT	17,954	15,388	21,620
Trade accounts payable	1,484	1,788	3,133
Payroll and related taxes	1,489	1,939	1,647
Advances from customers	12,949	10,172	13,515
Other payables	1,708	1,285	1,173
Related Parties	248	204	651
NON CURRENT	8,154	7,795	7,612
Loans and financing	3,382	2,966	2,828
Deferred income and social contribution taxes	4,772	4,829	4,784
SHAREHOLDER'S EQUITY	25,340	25,623	24,537
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	17,810	18,093	17,007
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	51,448	48,806	53,769

B+W Income Statement

	(€ 000)				
	2Q17	1Q18	2Q18	1H17	1H18
Net Operating Revenue	9,342	7,214	6,912	18,279	14,126
Cost of Goods Sold	(7,810)	(5,976)	(6,514)	(14,836)	(12,490)
Gross Profit	1,532	1,238	398	3,443	1,636
<i>Gross Margin %</i>	<i>16.4%</i>	<i>17.2%</i>	<i>5.8%</i>	<i>18.8%</i>	<i>11.6%</i>
Operating Expenses	(1,992)	(1,892)	(1,815)	(3,918)	(3,707)
Selling expenses	(857)	(546)	(562)	(1,604)	(1,108)
General and administrative expenses	(1,135)	(1,346)	(1,253)	(2,314)	(2,599)
Operating Income before Financial Results	(460)	(654)	(1,417)	(475)	(2,071)
<i>Operating Margin %</i>	<i>-4.9%</i>	<i>-9.1%</i>	<i>-20.5%</i>	<i>-2.6%</i>	<i>-14.7%</i>
Financial Results, Net	(93)	(111)	(69)	(198)	(180)
Operations Operating Income	(553)	(765)	(1,486)	(673)	(2,251)
Income tax and social contribution	160	189	399	195	588
Net income	(393)	(576)	(1,087)	(478)	(1,663)
<i>Net Margin %</i>	<i>-4.2%</i>	<i>-8.0%</i>	<i>-15.7%</i>	<i>-2.6%</i>	<i>-11.8%</i>
EBITDA	56	(121)	(880)	549	(1,001)
Net income / loss for the period	(393)	(576)	(1,087)	(478)	(1,663)
Income tax and social contribution	(160)	(189)	(399)	(195)	(588)
Financial income, net	93	111	69	198	180
Depreciation and amortization	516	533	537	1,024	1,070
<i>EBITDA Margin %</i>	<i>0.6%</i>	<i>-1.7%</i>	<i>-12.7%</i>	<i>3.0%</i>	<i>-7.1%</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, they are subject to changes.*