

**ROMI**

WWW.ROMI.COM



February 12, 2019 4Q18 Earnings Release

December 31, 2018

Share price

ROMI3 - R\$ 10.03 per share (on 02/11/2019)

Market value

R\$ 630.5 million

US\$ 168.6 million

Number of shares

Common: 62,857,647

Total: 62,857,647

Free Float = 46.8%**Investor Relations Contact****Fábio B. Taiar**

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February 13, 2019

Earnings Conference Call

Time: 10:30 a.m.

Dial-in numbers:

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

Access Code: Romi

Earnings Conference Call in English

Time: 12:00 p.m. (São Paulo)

2:00 p.m. (London)

9 a.m. (New York)

Dial-in numbers:

USA +1 (800) 492-3904

Brazil +55 (11) 3193-1001

Other + 1 (646) 828-8246

Access Code: Romi

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Corporativa Diferenciada **IGC**

Santa Bárbara d' Oeste - SP, February 12, 2019 - 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 2018 ("4Q18"). 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

Net Operating Revenue reaches R\$246.7 million in 4Q18, an increase of 26.8% over 4Q17

- Net operating revenue in 4Q18 increased by 26.8% compared to 4Q17, especially in the Romi Machines and B+W Business Units, which grew by 33.9% and 38.7%, respectively. In 2018, net operating revenue reached R\$ 743.5 million, the highest in Romi's history, representing a growth of 10.5% over 2017.
- Order entry in 4Q18, when compared to 4Q17, increased by 4.1%, especially in the B+W Machines Business Unit, which increased by 149.0%, as a result of the release of new product lines in 2017 and the development of solutions to serve new segments. In 2018, order entry grew by 18.1% over 2017, with highlight also to the Romi Machines Unit, which posted growth of 25.0%, impacted by the launch of new products and the gradual recovery of the domestic economy in 2018;
- In 4Q18, the Romi Machines Business Unit posted a 33.9% increase in net operating revenue in relation to 4Q17 and 6.7 and 11.9 percentage points in gross and operating margin, respectively, in the same period of comparison, due to the higher volume of operations of this business unit in 2018 and reduction of costs and expenses incurred in recent years;
- In the B+W Machines Business Unit, order entry in 2018 increased by 64.4% over 2017, as a result of the release of new product lines in 2017 and the development of solutions to serve new segments;
- The Company's net debt decreased by R\$ 14.7 million in 4Q18, reflecting the increase in machine deliveries in this quarter;

R\$'000	Quarter					Accumulated		
	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 2018/2017
Revenues Volume								
Machines (units)	246	227	270	18.9%	9.8%	744	824	10.8%
Burkhardt + Weber (units)	8	9	13	44.4%	62.5%	25	29	16.0%
Raw and Machined Cast Iron Parts (tons)	4,172	5,520	3,469	-37.1%	-16.9%	21,996	19,034	-13.5%
Net Operating Revenue	194,555	205,954	246,743	19.8%	26.8%	672,875	743,463	10.5%
<i>Gross margin (%)</i>	29.5%	29.4%	28.1%			28.2%	27.8%	
Operating Income (EBIT)	21,272	15,407	29,883	94.0%	40.5%	51,259	46,047	-10.2%
<i>Operating margin (%)</i>	10.9%	7.5%	12.1%			7.6%	6.2%	
Net Income	14,852	15,931	21,040	32.1%	41.7%	37,950	84,250	122.0%
<i>Net margin (%)</i>	7.6%	7.7%	8.5%			5.6%	11.3%	
EBITDA	28,948	23,886	38,208	60.0%	32.0%	81,515	79,333	-2.7%
<i>EBITDA margin (%)</i>	14.9%	11.6%	15.5%			12.1%	10.7%	
Investments	15,445	4,139	7,280	75.9%	-52.9%	29,432	24,534	-16.6%

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

* As described in the "Success in Judicial Proceeding (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of the tax proceeding (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 income (expenses), net"; (ii) finance income (costs): increased by R\$32.1 million, related to inflation adjustment of the original amount of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original amount 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.

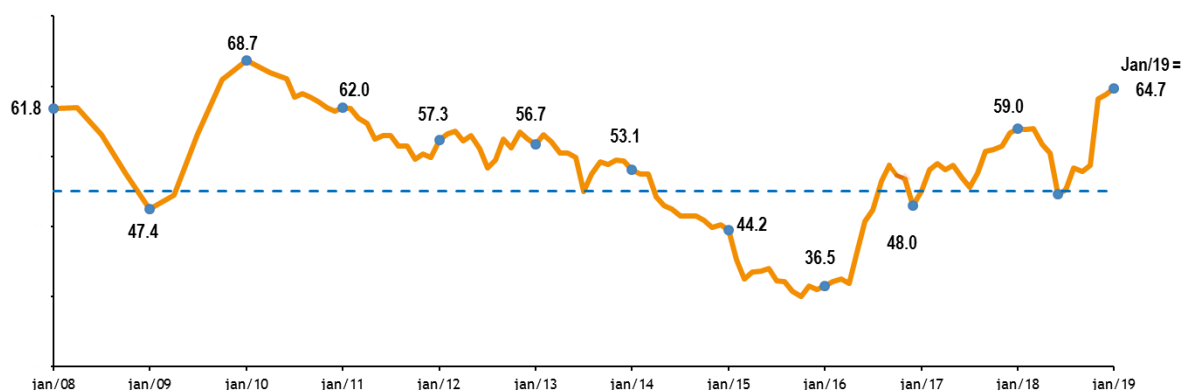
The Company has eleven manufacturing units, four of which for final assembly of industrial machinery, two foundries, three units for machining of mechanical components, one unit for manufacture of steel sheet components, and one unit for assembly of electronic panels. Of these, nine are located in Brazil and two in Germany. The installed capacity of industrial machines and casting production is of, respectively, about 2,900 units and 50,000 tons per year.

Current Economic Scenario

The year 2018 is showing significant economic recovery, and despite a first two-month period of poor economic activity, there is a significant acceleration in the number of opportunities and businesses generated as from March. Some macroeconomic data indicate solid recovery signs in the Brazilian economy, such as the improvement in the confidence indexes and in the utilization of installed capacity when compared to the last three years, presented below. This improvement in macroeconomic data begins to materialize in the Romi Machines business unit, which, faced with a more stable scenario, encourages customers to resume their investments.

In January 2019, as shown below, the Industrial Entrepreneur Confidence Index (ICEI) reached 64.7, a level that shows the evolution of the index in 2018 when compared to the previous three years; in line with the gradual resumption of the economy.

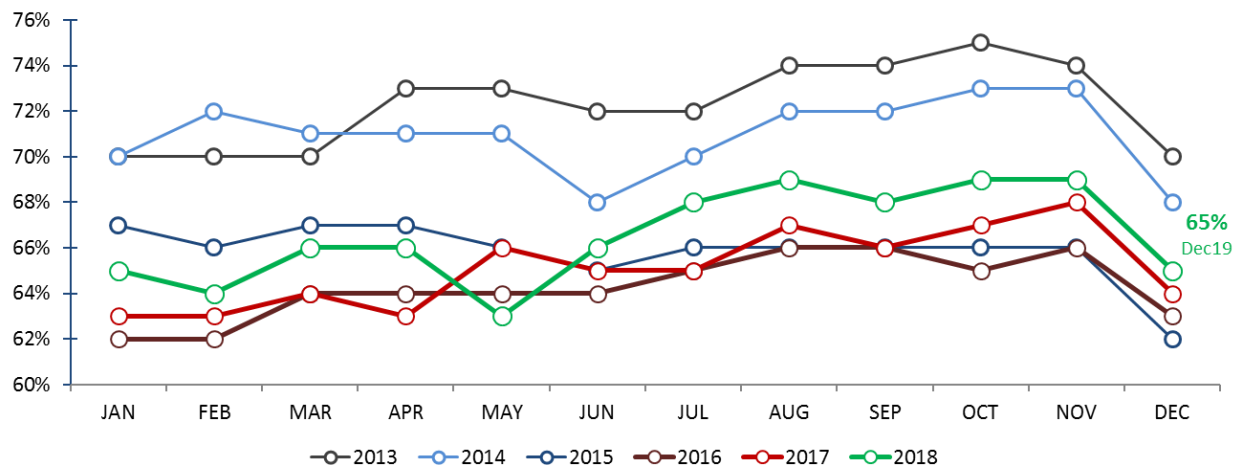
Industrial Entrepreneur Confidence Index – ICEI



Source: CNI – ICEI, January 2019.

The Installed Capacity Utilization (UCI) index of the Brazilian industry in general, as released by the National Confederation of Industries (CNI), has consolidated at an important growth level, when compared to the last three years, except for the month of May 2018, due to the truckers' strike, showing an important recovery of the Brazilian economy.

Average Installed Capacity Utilization (UCI)



Source: CNI – UCI, December 2018.

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. Strategically, we have defined the release of new product generations as a priority, and the first lines are already successful in the domestic and international markets. This gives us great confidence that we are very well prepared for the resumption of the domestic economy.

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)	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 18/17
Gross Values, sales taxes included								
Romi Machines	70,195	108,944	65,981	-39.4%	-6.0%	274,351	342,834	25.0%
Burkhardt+Weber Machines	22,211	78,231	55,296	-29.3%	149.0%	116,095	190,862	64.4%
Rough and Machined Cast Iron Parts	56,269	29,408	33,544	14.1%	-40.4%	212,493	178,109	-16.2%
Total *	148,675	216,583	154,821	-28.5%	4.1%	602,939	711,805	18.1%

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

The order entry volume at the Romi Machines Unit observed in 4Q18 showed a slight decrease of 6.0% in relation to 4Q17, as a result of the slowdown in the domestic economy in the last months of the year. However, the order entry at this business unit in 2018 was 25.0% higher than in 2017, as a result of the adequate strategy of developing new product generations released in 2018. Moreover, the more solid and gradual recovery of the industry has positively reflected the volume of new orders. This growth was also due to exports, which in the same period of comparison also continued to show growth.

At the German subsidiary B+W, order entry in 2018 was 64.4% higher than in 2017. The release of new product lines in 2017, coupled with the development of solutions for new segments such as aerospace and oil and gas, boosted the volume of new businesses, demonstrating consistency and solidity in its operations. The number of projects currently in progress and the portfolio orders volume are in a strong pace, which allows us to keep the good expectation regarding future profitability levels.

The Raw and Machined Cast Iron Parts Unit presented in 4Q18 an order entry 40.4% lower when compared to 4Q17. In 2018, there was a reduction of 16.2% in order entry when compared to the same period of 2017, due to the reduction of orders for large cast iron parts. On the other hand, there was a significant increase in the volume of orders for parts for the commercial automotive, agricultural and earth moving machinery segments, which offset part of the decline in the large cast iron parts segment.

Order Book (R\$ 000)	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17
Gross Values, sales taxes included					
Romi Machines	71,745	154,635	77,527	-49.9%	8.1%
Burkhardt+Weber Machines	118,624	199,841	166,576	-16.6%	40.4%
Rough and Machined Cast Iron Parts	51,279	41,217	49,705	20.6%	-3.1%
Total *	241,648	395,693	293,808	-25.7%	21.6%

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

At December 31, 2018, orders portfolio totaled R\$293.8 million, amount 21.6% higher than in the same period last year. The increase in the portfolio at the end of 4Q18 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 4Q18 reached R\$246.7 million, 26.8% higher than in 4Q17 and 19.8% higher than in 3Q18.

By Business Unit

Net Operating Revenue (R\$ 000)	Quarter					Accumulated		
	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 18/17
Romi Machines	96,125	97,512	128,753	32.0%	33.9%	292,634	366,018	25.1%
Burkhardt+Weber Machines	60,002	58,823	83,251	41.5%	38.7%	165,980	200,832	21.0%
Raw and Machined Cast Iron Parts	38,429	49,619	34,739	-30.0%	-9.6%	214,260	176,613	-17.6%
Total	194,556	205,954	246,743	19.8%	26.8%	672,874	743,463	10.5%

Romi Machines

The net operating revenue of this Business Unit reached R\$128.8 million in 4Q18, posting an increase of 33.9% when compared to 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 a solid and gradual economic and industrial recovery, in addition to the continued consolidation of Romi's brand in the foreign market.

Burkhardt+Weber Machines

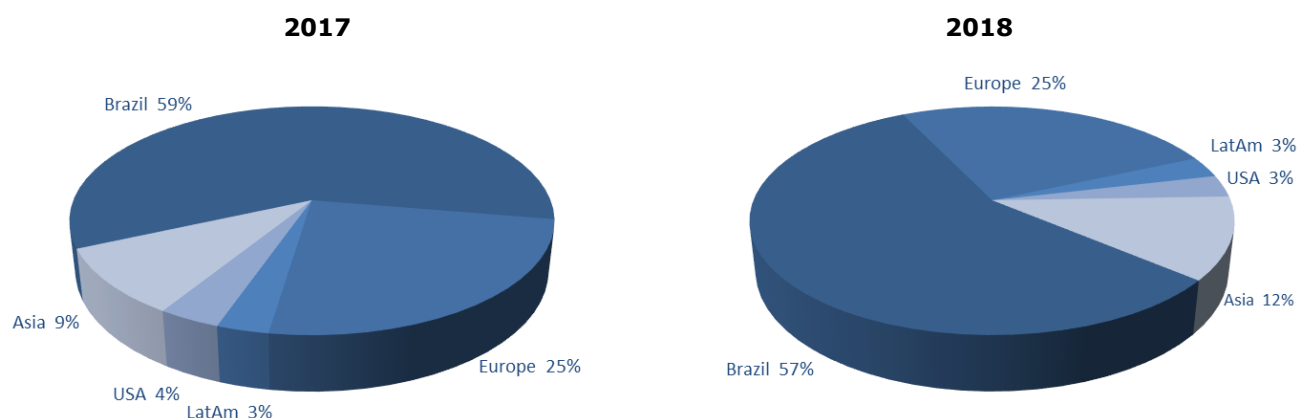
In 4Q18, revenue of the German subsidiary B+W in Reais presented a volume 38.7% higher than that recorded in 4Q17 (26.2% when the comparison is made in Euros), due to the great concentration of machine deliveries in the fourth quarter of 2018.

Raw and Machined Cast Iron Parts

The net operating revenue of this Business Unit was R\$34.7 million in 4Q18, representing a 9.6% reduction compared to 4Q17, chiefly due to the reduction in the volume of 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 57% of Romi's consolidated revenue in 2018 (59% in 2017). 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		
	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 2018/2017
Net Sales (R\$ million)	93.5	90.2	127.8	41.7%	36.8%	271.8	326.6	20.2%
Net Sales (US\$ million)	28.3	22.5	33.0	46.5%	16.7%	83.8	85.9	2.5%

OPERATING COSTS AND EXPENSES

The gross margin of 28.1% obtained in 4Q18 decreased 1.4 pp in relation to 4Q17, as a result of the reduction in gross margins of the B+W and Raw and Machined Cast Iron Parts Business Units. On the other hand, the operating margin (EBIT), when compared to 4Q17, increased by 1.2 percentage points, due to the increase in gross and operating margins of the Romi Machines Business Unit.

	Quarter					Accumulated		
	4Q17	3Q18	4Q18	Chg. p.p. 4Q18/3Q18	Chg. p.p. 4Q18/4Q17	2017	2018	Chg. pp 2018/2017
Gross Margin								
Romi Machines	36.0%	43.5%	42.8%	(0.8)	6.7	35.8%	41.0%	5.2
Burkhardt+Weber Machines	25.7%	20.2%	17.9%	(2.3)	(7.8)	22.3%	16.7%	(5.6)
Raw and Machined Cast Iron Parts	19.3%	12.5%	-1.7%	(14.2)	(21.0)	22.3%	12.8%	(9.5)
Total	29.5%	29.4%	28.1%	(1.3)	(1.4)	28.2%	27.8%	(0.4)

	Quarter					Accumulated		
	4Q17	3Q18	4Q18	Chg. p.p. 4Q18/3Q18	Chg. p.p. 4Q18/4Q17	2017	2018	Chg. pp 2018/2017
EBIT Margin								
Romi Machines	11.7%	15.8%	23.5%	7.7	11.9	6.8%	13.2%	6.4
Burkhardt+Weber Machines	13.4%	-0.2%	4.9%	5.1	(8.5)	4.8%	-2.3%	(7.1)
Raw and Machined Cast Iron Parts	5.2%	0.2%	-13.0%	(13.3)	(18.2)	10.9%	1.3%	(9.6)
Total	10.9%	7.5%	12.1%	4.6	1.2	7.6%	6.2%	(1.4)

Romi Machines

The gross margin of this Business Unit in 4Q18 increased by 6.7 percentage points when compared to 4Q17 due to the focus that the Company has adopted on profitability improvement projects and higher revenue volume, which contributes to the dilution of fixed costs. Operating margin also increased by 11.9 percentage points over the same comparison period for the same reasons mentioned above.

Burkhardt+Weber Machines

In this Business Unit, gross and operating margins in 4Q18 decreased 7.8 and 8.5 percentage points, respectively, in relation to 4Q17, due to the inflationary pressure on costs and product mix, with a larger number of smaller machines.

Raw and Machined Cast Iron Parts

The gross and operating margins of this Business Unit decreased by 21.0 and 18.2 pp in 4Q18 in relation to 4Q17, due to the reduction in the volume of net operating revenue in this quarter and a change in the product mix with reduction of larger parts.

EBITDA AND EBITDA MARGIN

In 4Q18, the operating cash generation as measured by EBITDA amounted to R\$38.2 million, representing an EBITDA margin of 15.5% in the quarter, as shown in the table below:

Reconciliation of Net Income to EBITDA (R\$ 000)	Quarter					Accumulated		
	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 2018/2017
Net Income	14,852	15,931	21,040	32.1%	41.7%	37,954	84,250	122.0%
Income tax and social contributions	7,787	(526)	11,152	-2220.2%	43.2%	17,139	2,919	-83.0%
Net Financial Income	(1,367)	2	(2,309)	-115550.0%	68.9%	(3,829)	(41,123)	974.0%
Depreciation and amortization	7,676	8,479	8,325	-1.8%	8.5%	30,255	33,286	10.0%
EBITDA	28,948	23,886	38,208	60.0%	32.0%	81,519	79,332	-2.7%
EBITDA Margin	14.9%	11.6%	15.5%	3.9%	0.6%	12.1%	10.7%	-
Total Net Operating Revenue	194,555	205,954	246,742	19.8%	26.8%	672,873	743,462	10.5%

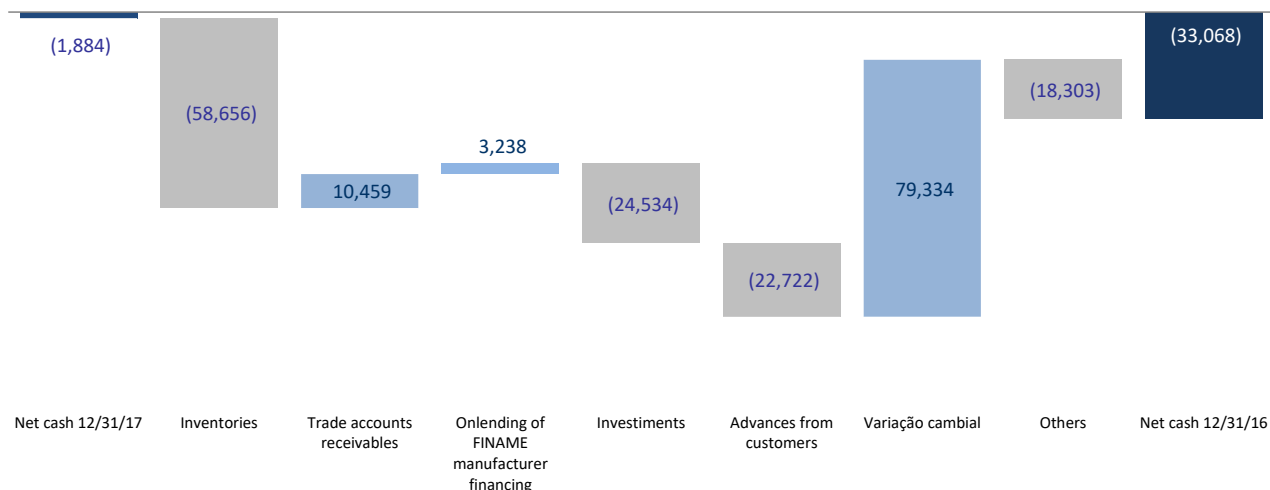
* As described in the "Success in Judicial Proceeding (Plano Verão)" section of this report, the Company recognized in the 2Q18 financial statements the effects of the favorable outcome of the tax proceeding (Plano Verão), which impacted the quarterly P&L as follows: (i) EBITDA: decreased by R\$1.6 million, due to the recognition of expenses with legal fees, under "Other operating income (expenses), net"; (ii) finance income (costs): increased by R\$32.1 million, related to inflation adjustment of the original amount of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original amount 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\$21.0 million in 4Q18, representing a net margin of 8.5%.

Evolution of the Net Cash (Debt) Position

The main variations in the net debt position during 2018 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 2018 is due to the following main aspects:

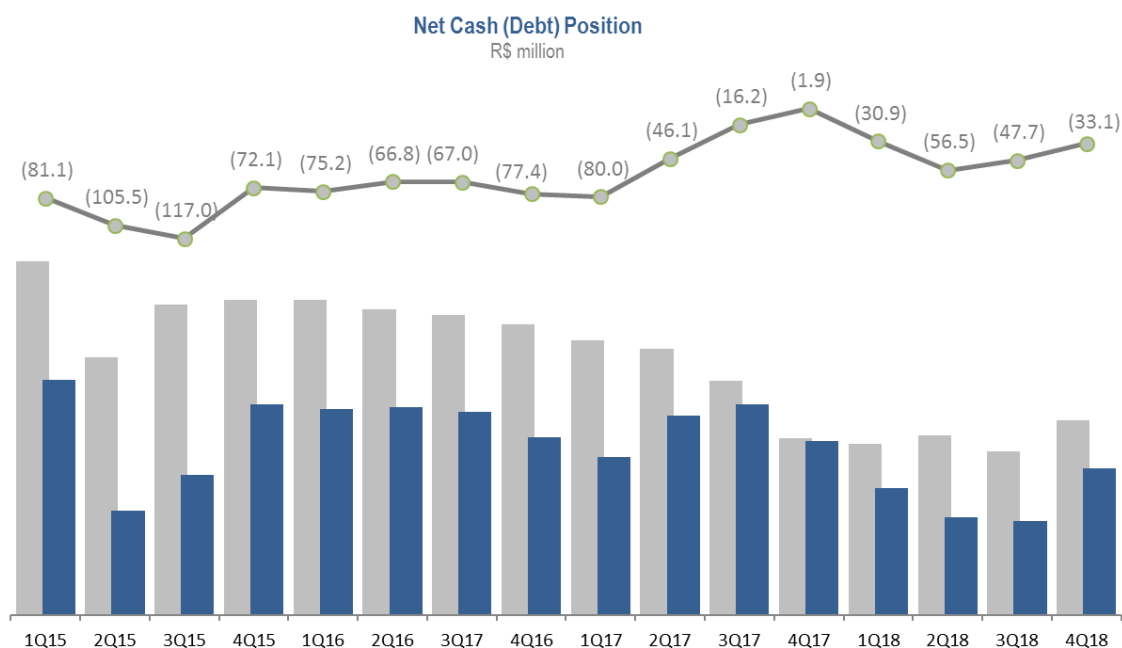
Investments made during 2018, most of them for the installation of an automatic molding machine for the Raw and Machined Cast Iron Parts Business Unit. The other investments were allocated in part to the maintenance, productivity, flexibility and competitiveness of the other units of the industrial park, all within the investment plan already planned for the year.

Distribution of profits, with cash effects, in the total amount of R\$ 22.7 million, including withholding income tax levied on distributions of interest on equity.

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 December 31, 2018 was negative R\$33.1 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 December 31, 2018, the amount of financing in local currency was R\$52.9 million, and in foreign currency, R\$104.6 million, totaling R\$134.0 million.

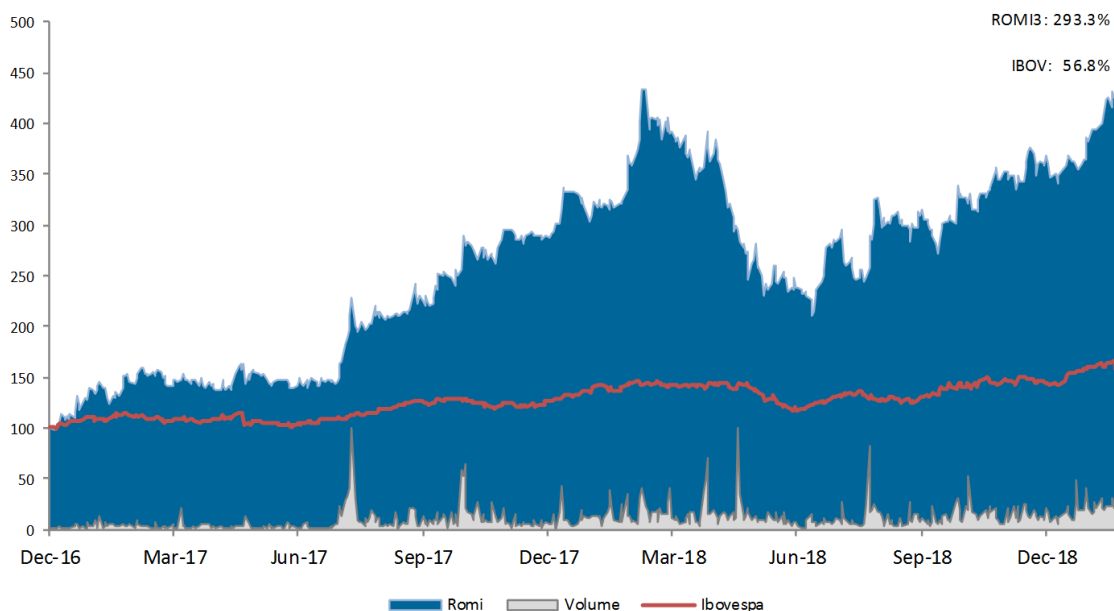


The balances of "Finame Manufacturer Financing" are not used in the calculation of net debt of the Company. At December 31, 2018, the Company did not have any derivative transactions.

Capital Market

Share Performance ROMI3 vs. Ibovespa

From 12/31/2016 to 02/11/2019



Source: B3.

On February 11, 2019 the Company's common shares (ROMI3), which were quoted at R\$10.03, posted appreciation of 30.3% since December 31, 2017 and 293.3% since December 31, 2016. Ibovespa recorded appreciation of 23.6% and 56.8% in the same period.

The Company's market capitalization on February 11, 2019 was R\$630.5 million. The average daily trading volume during 4Q18 was R\$1.5 million.

Success in Legal Proceeding (“Plano Verão”)

In 2017, the Company was successful in the legal proceeding in which the Company 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 the tax proceeding (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 income (expenses), net”; (ii) finance income (costs): increased by R\$32.1 million, related to inflation adjustment of the original amount of the tax credits; (iii) income tax and social contribution: increased by R\$10.7 million, referring to the original amount 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 inflation adjustment indexes recognized by the courts.

Consolidated Balance Sheet

(R\$ 000)

ASSETS				LIABILITIES AND SHAREHOLDER'S EQUITY			
	12/31/2017	09/30/2018	12/31/2018		31/12/17	30/09/18	31/12/18
CURRENT	592,193	681,559	697,357	CURRENT	280,526	379,892	362,752
Cash and Cash equivalents	105,682	63,951	100,428	Loans and financing	74,170	75,061	102,547
Financial Investments	13,670	481	489	FINAME manufacturer financing	55,463	55,931	63,326
Trade accounts receivable	120,303	134,184	168,213	Trade accounts payable	33,802	64,702	44,261
Onlending of FINAME manufacturer financing	88,114	80,479	87,482	Payroll and related taxes	28,148	35,351	27,504
Inventories	241,891	350,239	300,547	Taxes payables	5,896	2,826	7,847
Recoverable taxes	11,780	36,671	25,267	Advances from customers	56,512	87,529	71,466
Other receivables	10,753	15,554	14,931	Other payables	26,535	58,492	45,801
NON CURRENT	154,515	197,651	209,430	NON CURRENT	151,397	160,355	181,732
Trade accounts receivable	11,310	12,526	13,618	Loans and financing	47,066	37,106	31,438
Onlending of FINAME manufacturer financing	79,819	104,737	128,584	FINAME manufacturer financing	72,770	87,928	116,278
Recoverable taxes	778	20,495	18,998	Deferred income and social contribution taxes	29,885	34,419	31,786
Deferred income and social contribution taxes	49,426	51,719	43,948	Taxes payable	1,561	666	2,100
Judicial Deposits	2,057	2,129	2,110	Reserve for contingencies	115	236	130
Other receivables	11,125	6,045	2,172	Other payables	-	-	-
Investments				SHAREHOLDER'S EQUITY	641,969	680,796	695,977
Property, Plant and Equipment	257,939	263,610	258,921	Capital	492,025	492,025	492,025
Investment Properties	18,602	18,602	18,398	Retained earnings	118,960	139,306	160,218
Intangible assets	52,174	61,119	57,981	Cumulative translation adjustments	30,984	49,465	43,734
				NON CONTROLLING INTERESTS	1,531	1,498	1,626
				TOTAL SHAREHOLDER'S EQUITY	643,500	682,294	697,603
TOTAL ASSETS	1,075,423	1,222,541	1,242,087	TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	1,075,423	1,222,541	1,242,087

Consolidated Income Statement

(R\$ thousand)

	4Q17	3Q18	4Q18	Chg. 4Q18/3Q18	Chg. 4Q18/4Q17	2017	2018	Chg. 2018/2017
Net Operating Revenue	194,555	205,954	246,742	19.8%	26.8%	672,873	743,462	10.5%
Cost of Goods Sold	(137,106)	(145,400)	(177,401)	22.0%	29.4%	(483,236)	(537,083)	11.1%
Gross Profit	57,449	60,554	69,341	14.5%	20.7%	189,637	206,379	8.8%
<i>Gross Margin %</i>	<i>29.5%</i>	<i>29.4%</i>	<i>28.1%</i>			<i>28.2%</i>	<i>27.8%</i>	
Operating Expenses	(36,177)	(45,147)	(39,458)	-12.6%	9.1%	(138,373)	(160,333)	15.9%
Selling expenses	(18,590)	(23,498)	(22,097)	-6.0%	18.9%	(67,736)	(79,801)	17.8%
Research and development expenses	(4,186)	(4,377)	(4,575)	4.5%	9.3%	(16,772)	(17,379)	3.6%
General and administrative expenses	(13,539)	(15,406)	(15,059)	-2.3%	11.2%	(52,143)	(59,300)	13.7%
Management profit sharing and compensation	(1,904)	(2,171)	(2,040)	-6.0%	7.1%	(6,815)	(7,846)	15.1%
Other operating income, net	2,042	305	4,313	1314.1%	111.2%	5,093	3,993	-21.6%
Operating Income before Financial Results	21,272	15,407	29,883	94.0%	40.5%	51,264	46,046	-10.2%
<i>Operating Margin %</i>	<i>10.9%</i>	<i>7.5%</i>	<i>12.1%</i>			<i>7.6%</i>	<i>6.2%</i>	
Financial Results, Net	1,367	(2)	2,309	-115550.0%	68.9%	3,829	41,121	973.9%
Financial income	2,995	1,316	2,153	63.6%	-28.1%	15,822	43,740	176.5%
Financial expenses	(2,915)	(2,114)	(1,645)	-22.2%	-43.6%	(14,840)	(8,831)	-40.5%
Exchange gain (loss), net	1,287	796	1,801	126.3%	39.9%	2,847	6,212	118.2%
Operations Operating Income	22,639	15,405	32,192	109.0%	42.2%	55,093	87,167	58.2%
Income tax and social contribution	(7,787)	526	(11,152)	-2220.2%	43.2%	(17,139)	(2,919)	-83.0%
Net income	14,852	15,931	21,040	32.1%	41.7%	37,954	84,248	122.0%
<i>Net Margin %</i>	<i>7.6%</i>	<i>7.7%</i>	<i>8.5%</i>			<i>5.6%</i>	<i>11.3%</i>	
Net profit concerning:								
Controlling interests	14,816	15,889	20,912	31.6%	41.1%	37,662	84,001	123.0%
Non controlling interests	36	42	128	204.8%	255.6%	292	249	-14.7%
	<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	28,948	23,886	38,208	60.0%	32.0%	81,519	79,332	-2.7%
Profit for the period	14,852	15,931	21,040	32.1%	41.7%	37,954	84,248	122.0%
Income tax and social contribution	7,787	(526)	11,152	-2220.2%	43.2%	17,139	2,919	-83.0%
Financial income, net	(1,367)	2	(2,309)	-115550.0%	68.9%	(3,829)	(41,121)	973.9%
Depreciation and amortization	7,676	8,479	8,325	-1.8%	8.5%	30,255	33,286	10.0%
<i>EBITDA Margin %</i>	<i>14.9%</i>	<i>11.6%</i>	<i>15.5%</i>			<i>32.5%</i>	<i>10.7%</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\$	0.24	0.25	0.33	31.6%	41.1%	0.60	1.34	121.3%

Consolidated Cash Flow Statement

(R\$ thousand)

	4Q17	3Q18	4Q18	2017	2018
Cash from operating activities					
Net Income before taxation	22,638	15,405	32,192	55,093	87,169
Financial expenses and exchange gain	1,124	625	(2,369)	6,895	(36,894)
Depreciation and amortization	7,676	8,479	8,325	30,255	33,286
Allowance for doubtful accounts and other receivables	(956)	(1,653)	(2,131)	(2,638)	(3,939)
Proceeds from sale of fixed assets and intangibles	(1,137)	(715)	1,035	(5,151)	390
Provision for inventory realization	(6,719)	2,142	(3,560)	(11,190)	(2,252)
Reserve for contingencies	1,857	705	(1,366)	1,169	894
Change on operating assets and liabilities					
Financial Investments	2,922	(6)	(8)	7,161	13,181
Trade accounts receivable	(1,802)	(1,741)	(37,044)	(15,564)	(37,869)
Onlending of Finame manufacturer financing	(16,741)	(20,562)	(28,492)	6,708	(42,011)
Inventories	28,155	(25,123)	53,252	33,887	(56,403)
Recoverable taxes, net	6,172	(3,256)	20,672	21,179	(26,229)
Judicial deposits	(531)	(1,277)	(1,026)	(2,776)	(3,988)
Other receivables	3,136	6,944	6,299	8,564	48,326
Trade accounts payable	(928)	2,438	(17,773)	(1,087)	10,761
Payroll and related taxes	(4,405)	4,083	(7,413)	9,956	(300)
Taxes payable	(2,905)	1,194	(8,674)	(8,918)	(923)
Advances from customers	(15,856)	11,785	(16,063)	2,725	14,954
Other payables	1,330	1,851	3,990	2,851	5,386
Cash provided by operating activities	23,030	1,318	(154)	139,119	3,539
Income tax and social contribution paid	(463)	(3,225)	(87)	(2,038)	(3,834)
Net Cash provided by (used in) operating activities	22,567	(1,907)	(241)	137,081	(295)
Purchase of fixed assets	(16,094)	(4,104)	(7,612)	(29,432)	(24,879)
Sales of fixed assets	2,611	-	-	7,981	977
Increase in intangible assets	(5,040)	(669)	(417)	(5,747)	(3,213)
Unrealized profit	-	-	451	-	451
Net cash Used in Investing Activities	(18,523)	(4,773)	(7,578)	(27,198)	(26,664)
Interest on capital paid	-	(79)	(13,758)	(331)	(21,760)
New loans and financing	4,515	33,396	43,279	14,112	93,754
Payments of loans and financing	(47,762)	(46,812)	(19,158)	(96,644)	(84,918)
Interests paid (including Finame manufacturer financing)	(2,851)	(2,962)	(2,765)	(18,787)	(15,858)
New loans in Finame manufacturer	35,082	36,008	51,070	66,975	110,767
Payment of Finame manufacturer financing	(15,859)	(14,835)	(14,890)	(70,122)	(59,433)
Net Cash provided by Financing Activities	(26,875)	4,716	43,778	(104,797)	22,552
Increase (decrease) in cash and cash equivalents	(22,831)	(1,964)	35,959	5,086	(4,407)
Exchange variation changes on cash and cash equivalents abroad	93	(540)	518	(914)	(847)
Cash and cash equivalents - beginning of period	128,420	66,455	63,951	101,510	105,682
Cash and cash equivalents - end of period	105,682	63,951	100,428	105,682	100,428

Attachment I – Income Statement by Business Unit

Income Statement by Business Units - 4Q18

R\$ 000	Romi Machines	Burkhardt + Weber Machines	Raw and Machined Cast Iron	Total
Net Operating Revenue	128,753	83,251	34,739	246,743
Cost of Sales and Services	(67,387)	(68,371)	(41,643)	(177,401)
Business Units Transfers	393	-	6,712	7,105
Business Units Transfers	(6,712)	-	(393)	(7,105)
Gross Profit (loss)	55,047	14,880	(585)	69,342
<i>Gross Margin %</i>	<i>42.8%</i>	<i>17.9%</i>	<i>-1.7%</i>	<i>28.1%</i>
Operating Expenses	(24,729)	(10,782)	(3,945)	(39,456)
Selling	(16,092)	(4,916)	(1,089)	(22,097)
General and Administrative	(7,042)	(5,866)	(2,150)	(15,058)
Research and Development	(4,575)	-	-	(4,575)
Management profit sharing	(1,334)	-	(706)	(2,040)
Other operating revenue	4,314	-	-	4,314
Operating Income (loss) before Financial Results	30,318	4,098	(4,530)	29,886
<i>Operating Margin %</i>	<i>23.5%</i>	<i>4.9%</i>	<i>-13.0%</i>	<i>12.1%</i>
Depreciation and amortization	2,957	2,455	2,912	8,324
EBITDA	33,275	6,553	(1,618)	38,210
<i>EBITDA Margin %</i>	<i>25.8%</i>	<i>7.9%</i>	<i>-4.7%</i>	<i>15.5%</i>

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 - 2018

R\$ 000	Machines	Burkhardt + Weber	Raw and Machined Cast Iron	Total
Net Operating Revenue	366,017	200,832	176,613	743,462
Cost of Sales and Services	(193,326)	(167,234)	(176,523)	(537,083)
Business Units Transfers	3,130	-	25,655	28,785
Business Units Transfers	(25,654)	-	(3,130)	(28,784)
Gross Profit	150,167	33,598	22,615	206,380
<i>Gross Margin %</i>	<i>41.0%</i>	<i>16.7%</i>	<i>12.8%</i>	<i>27.8%</i>
Operating Expenses	(101,886)	(38,130)	(20,315)	(160,331)
Selling	(59,991)	(14,927)	(4,883)	(79,801)
General and Administrative	(24,176)	(23,203)	(11,921)	(59,300)
Research and Development	(17,379)	-	-	(17,379)
Management profit sharing	(4,335)	-	(3,511)	(7,846)
Other operating revenue	3,995	-	-	3,995
Operating Income (loss) before Financial Results	48,281	(4,532)	2,300	46,049
<i>Operating Margin %</i>	<i>13.2%</i>	<i>-2.3%</i>	<i>1.3%</i>	<i>6.2%</i>
Depreciation and amortization	12,386	8,321	12,579	33,286
EBITDA	60,667	3,789	14,879	79,335
<i>EBITDA Margin %</i>	<i>16.6%</i>	<i>1.9%</i>	<i>8.4%</i>	<i>10.7%</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>

Attachment II – Financial Statements of B+W

Balance Sheet B+W

	(€ 000)		
ASSETS	12/31/17	09/30/18	12/31/18
CURRENT	20,810	27,198	26,223
Cash and Cash equivalents	1,587	1,875	1,136
Trade accounts receivable	7,011	6,273	11,925
Inventories	11,372	17,488	12,069
Recoverable taxes	527	680	-
Related Parties	99	103	795
Other receivables	214	780	298
NONCURRENT	28,235	27,703	27,506
Investments			
Property, plant and equipment	15,308	14,711	14,579
Investment in subsidiaries	59	59	59
Intangible assets	12,868	12,933	12,868
TOTAL ASSETS	49,045	54,901	53,729
LIABILITIES AND SHAREHOLDER'S EQUITY	12/31/17	09/30/18	12/31/18
CURRENT	14,868	23,048	21,650
Trade accounts payable	953	3,056	3,216
Payroll and related taxes	1,613	1,305	894
Advances from customers	10,690	15,005	12,425
Other payables	1,528	1,342	2,151
Related Parties	84	840	614
NON CURRENT	7,979	7,429	7,054
Loans and financing	3,105	2,689	2,551
Deferred income and social contribution taxes	4,874	4,740	4,504
SHAREHOLDER'S EQUITY	26,198	24,424	25,025
Capital	7,025	7,025	7,025
Capital reserve	505	505	505
Profit reserve	18,668	16,894	17,495
TOTAL LIABILITIES AND SHAREHOLDER'S EQUITY	49,045	54,901	53,729

B+W Income Statement

	(€ 000)				
	4Q17	3Q18	4Q18	2017	2018
Net Operating Revenue	15,606	12,765	19,697	45,126	46,587
Cost of Goods Sold	(11,602)	(10,199)	(16,235)	(35,150)	(38,922)
Gross Profit	4,004	2,566	3,462	9,976	7,665
<i>Gross Margin %</i>	<i>25.7%</i>	<i>20.1%</i>	<i>17.6%</i>	<i>22.1%</i>	<i>16.5%</i>
Operating Expenses	(1,925)	(2,597)	(2,477)	(8,027)	(8,780)
Selling expenses	(786)	(1,162)	(1,128)	(3,364)	(3,397)
General and administrative expenses	(1,139)	(1,435)	(1,349)	(4,663)	(5,383)
Operating Income before Financial Results	2,079	(31)	985	1,949	(1,115)
<i>Operating Margin %</i>	<i>13.3%</i>	<i>-0.2%</i>	<i>5.0%</i>	<i>4.3%</i>	<i>-2.4%</i>
Financial Results, Net	(156)	(83)	(67)	(460)	(331)
Operations Operating Income	1,923	(115)	917	1,489	(1,447)
Income tax and social contribution	(641)	2	(318)	(609)	273
Net income	1,282	(113)	599	880	(1,174)
<i>Net Margin %</i>	<i>8.2%</i>	<i>-0.9%</i>	<i>3.0%</i>	<i>2.0%</i>	<i>-2.5%</i>
EBITDA	2,640	583	1,547	4,048	1,132
Net income / loss for the period	1,282	(113)	599	880	(1,174)
Income tax and social contribution	641	(2)	318	609	(273)
Financial income, net	156	83	67	460	331
Depreciation and amortization	561	615	563	2,099	2,248
<i>EBITDA Margin %</i>	<i>16.9%</i>	<i>4.6%</i>	<i>7.9%</i>	<i>9.0%</i>	<i>2.4%</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.